Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

世纪阳光

世紀陽光集團控股有限公司
CENTURY SUNSHINE GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 509)

GroupSense 權智集團

GROUP SENSE (INTERNATIONAL) LIMITED
權智(國際)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 601)

DISCLOSEABLE TRANSACTION

DISPOSAL OF ELECTRONIC BUSINESS

On 3 July 2018 (after trading hours), Group Sense entered into the SPA as vendor with Croydon Capital as purchaser in relation to the disposal by Group Sense and the acquisition by Croydon Capital of the entire issued share capital in each of GSSEA and GSIL and the assignment by Group Sense to Croydon Capital of the Shareholder's Loan for an aggregate consideration of HK$70 million.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the SPA exceeds 5% but is less than 25% for each of Century Sunshine and Group Sense, respectively, the transaction contemplated under the SPA constitutes a discloseable transaction of Century Sunshine and Group Sense under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The board of directors of Century Sunshine and Group Sense announced that on 3 July 2018 (after trading hours), Group Sense entered into the SPA as vendor with Croydon Capital as purchaser in relation to the disposal by Group Sense and the acquisition by Croydon Capital of the entire issued share capital in each of GSSEA and GSIL and the assignment by Group Sense to Croydon Capital of the Shareholder's Loan for an aggregate consideration of HK$70 million.

2. PRINCIPAL TERMS OF THE SPA

Date:	3 July 2018
Parties:	Group Sense, as vendor Croydon Capital, as purchaser Croydon Capital is an investment holding company wholly-owned by Mr. Choi Chung Yin. To the best of the knowledge, information and belief of the CS Directors and the GS Directors having made all reasonable enquiries, each of Croydon Capital and its ultimate beneficial owner is a party independent of Century Sunshine and Group Sense and their respective connected persons.
Subject matter:	The Sale Shares, comprising the entire issued share capital in each of GSSEA and GSIL, and the Shareholder's Loan owing by GSSEA and GSIL to Group Sense as at Completion. As of 31 December 2017, the Shareholder's Loan amounted to approximately HK$120,885,000.
Consideration:	The aggregate consideration for the sale of the Sale Shares and the Shareholder's Loans is HK$70 million. The consideration will be paid in cash on the following dates: (i) on the date of the SPA, as to 20% (i.e. HK$14 million) as deposit which will be applied in and towards part payment of the consideration at Completion; and (ii) on or before 31 March 2019, as to 80% (i.e. HK$56 million). The deposit of HK$14 million may be forfeited by Group Sense if the condition precedent in the SPA set out below is not satisfied by 31 March 2019 (or such other date as Group Sense and Croydon Capital may agree in writing) or an earlier date when Croydon Capital notifies Group Sense that such condition precedent is not capable of being fulfilled.

The consideration is determined by Group Sense and Croydon Capital on arm's length basis having taken into account (i) the position of consolidated net liabilities of the Disposal Group for the past three years and its weak profitability; (ii) value of the properties located in Guangdong Province, PRC owned by the Disposal Group based on a valuation as of 31 March 2018 conducted by an independent valuer engaged by Croydon Capital and a valuation as of 31 December 2017 conducted by an independent valuer engaged by Group Sense, respectively; (iii) value of the properties located in Hong Kong owned by the Disposal Group.

Condition precedent: The obligations of the parties to effect Completion are conditional upon the consent of DBS Bank (Hong Kong) Limited as lender in the Facility Agreement to the release of the GS Guarantee.

Completion: Completion will take place on the 5th business day (or such other date as may be agreed between Group Sense and Croydon Capital in writing) after the condition precedent has been fulfilled.

Post-completion arrangement: To secure the payment obligation of Croydon Capital under the SPA, on Completion, (i) charges will be created by Croydon Capital and the relevant member of the Disposal Group as chargors in favour of Group Sense as chargee over the Sale Shares and the entire share capital in certain offshore members of the Disposal Group which directly or indirectly hold the operating business of the Disposal Group in the PRC; and (ii) Group Sense will retain in its custody title documents of certain properties located in Guangzhou, Guangdong Province, PRC owned by the Disposal Group ("**Guangzhou Properties**").

In addition, Croydon Capital has undertaken to procure that the relevant documentation to effect the mortgage over the Guangzhou Properties and share charges over the equity interest held by the Disposal Group in the PRC companies holding the Guangzhou Properties be signed in favour of Group Sense and transactions contemplated thereunder be completed within 6 months following Completion.

3. INFORMATION ON THE TARGET GROUP AND THE FINANCIAL IMPACT OF THE TRANSACTIONS UNDER THE SPA

The Target Companies are investment holding companies and the Disposal Group is principally engaged in the design, manufacturing and trading of electronic products and the provision of technical consultancy services.

Set out below is the financial information of the Disposal Group as extracted from its unaudited consolidated financial information prepared based on the Hong Kong Financial Reporting Standards for the two years ended 31 December 2017:

	For the financial year ended 31 December	
	2016	**2017**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Consolidated net (loss)/profit (before taxation and extraordinary items)	(12,302)	6,297
Consolidated net (loss)/profit (after taxation and extraordinary items)	(12,324)	6,285

As of 31 December 2017, the unaudited consolidated net liability of the Disposal Group attributable to Group Sense is approximately HK$72.5 million.

Upon completion of the SPA, the Target Companies and their respective subsidiaries will cease to be accounted for as subsidiaries of Century Sunshine and Group Sense.

Each of Century Sunshine and Group Sense expects to record a gain of approximately HK$20 million (excluding the effect of release of exchange reserve attributable to Group Sense) on the disposal of Sale Shares and the assignment of Shareholder's Loan as contemplated under the SPA which gain is calculated by reference to the total consideration to be received by Group Sense under the SPA and the carrying amount of the unaudited consolidated net assets of the Disposal Group attributable to Group Sense of approximately HK$48.4 million as at 31 December 2017 (excluding the Shareholder's Loan of approximately HK$120,885,000 as at 31 December 2017).

CS Shareholders and GS Shareholders should note that the gain referred to above is an estimation based on the carrying value of the unaudited financials of the Target Group as at 31 December 2017 and the actual gain on the disposal will be determined based on the financial position of the Disposal Group as at the date of Completion.

The sale proceeds of HK$70 million are expected to be used for general working capital to develop the GS Group's existing magnesium product business.

4. REASONS FOR AND BENEFITS OF THE DISPOSAL

Century Sunshine is an investment holding company and the holding company of Group Sense. The CS Group, excluding the GS Group, is principally engaged in the fertiliser business and metallurgical flux business.

Group Sense is an investment holding company and the GS Group is principally engaged in the manufacture and sale of magnesium products, and design, manufacture and sale of original design manufacturing products, electronic dictionary products, personal communication products, provision of electronic manufacturing services.

Century Sunshine and Group Sense completed an internal reorganisation in 2017 whereby the GS Group acquired the Jilin-based magnesium business of the CS Group. The reorganisation expanded the operation scale of GS Group's magnesium business. Magnesium alloys have been regarded as "the most promising environmentally-friendly metal materials for development and application in the 21st century." With the increasing awareness of environmental protection and energy conservation around the world, the demand for lightweighting has become increasingly strong. The high-performance lightweight metal structural materials represented by magnesium materials have broad prospects and great potential for development. The GS Group saw great potential in the demand for magnesium products globally and continued its efforts on upgrading its production capacity for magnesium products and expanding the related distribution network in China. The management of GS Group has aimed to grasp the golden development opportunities in and place more focus and resources to develop the magnesium product business.

The Disposal Group has recorded consolidated net liabilities for the past three years. Its unaudited consolidated net profit (after tax) for the year ended 31 December 2017 accounted for approximately 3.4% and 2.4% of that of the GS Group and the CS Group as stated in their 2017 annual report, respectively, while its unaudited consolidated operating expenses for the same year accounted for approximately 25.4% and 9.4% of that of the GS Group and the CS Group based on the figures in their respective annual report. In addition, it is expected that the profitability of the Disposal Group will continue to face pressure from the rising operating costs (for example, the labour cost) in the PRC. After considering the above and the terms of the SPA, the GS Directors and the CS Directors are of the view that the terms of the SPA are fair and reasonable, and the transactions contemplated thereunder represent a decent opportunity for the GS Group and the CS Group to divest its interests in the Disposal Group and focus on the magnesium product business and hence are in the respective interests of the GS Shareholders and the CS Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As the largest applicable percentage ratio in respect of the transaction contemplated under the SPA exceeds 5% but is less than 25% for each of Century Sunshine and Group Sense, respectively, the transaction contemplated under the SPA constitutes a discloseable transaction of Century Sunshine and Group Sense under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

6. DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Century Sunshine"	Century Sunshine Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 509)
"Completion"	completion of the transactions contemplated under the SPA
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Croydon Capital"	Croydon Capital Advisors Limited, a company incorporated in the British Virgin Islands with limited liability
"CS Director(s)"	the director(s) of Century Sunshine
"CS Group"	Century Sunshine and its subsidiaries
"CS Shareholder(s)"	holder(s) of share(s) in Century Sunshine
"Disposal Group"	Target Companies and their respective subsidiaries
"Facility Agreement"	the facility agreement dated 10 March 2014 and as renewed on 26 May 2015 entered into between Group Sense Limited, an indirect wholly-owned subsidiary of Group Sense as of the date of this joint announcement, as borrower and DBS Bank (Hong Kong) Limited as lender with respect to the advance of facilities of up to HK$24 million
"Group Sense"	Group Sense (International) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 601)

"GS Director(s)"	the director(s) of Group Sense
"GS Group"	Group Sense and its subsidiaries
"GS Guarantee"	the guarantee provided by Group Sense in favour of DBS Bank (Hong Kong) Limited to secure the payment obligations of Group Sense Limited, an indirect wholly-owned subsidiary of Group Sense as of the date of this joint announcement, under the Facility Agreement
"GSIL"	Group Sense Investment Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Group Sense as of the date of this joint announcement
"GS Shareholder(s)"	holder(s) of share(s) in Group Sense
"GSSEA"	Group Sense (S.E.A.) Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Group Sense as of the date of this joint announcement
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China which, for the purpose of this joint announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
"Sale Shares"	the entire issued share capital in GSSEA and GSIL
"Shareholder's Loan"	the total amount outstanding and owing by GSSEA and GSIL to Group Sense as at Completion
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SPA"	the sale and purchase agreement dated 3 July 2018 entered into between Group Sense as vendor and Croydon Capital as purchaser with respect to the sale and acquisition of the Sale Shares and the Shareholder's Loan
"Target Companies"	collectively, GSSEA and GSIL

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong from time to time

By order of the Board **Century Sunshine Group Holdings Limited** **Chi Wen Fu** *Chairman*	By order of the Board **Group Sense (International) Limited** **Shum Sai Chit** *Chairman*

Hong Kong, 3 July 2018

As at the date of this joint announcement, the directors of Century Sunshine are:

Executive directors:	Mr. Chi Wen Fu, Mr. Shum Sai Chit and Ms. Chi Bi Fen
Non-executive director:	Mr. Guo Mengyong
Independent non-executive directors:	Mr. Kwong Ping Man, Mr. Sheng Hong and Mr. Lau Chi Kit

As at the date of this joint announcement, the directors of Group Sense are:

Executive directors:	Mr. Shum Sai Chit and Ms. Chi Bi Fen
Non-executive directors:	Professor Meng Jian and Dr. Tam Wai Ho, Samson JP
Independent non-executive directors:	Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit

* *For identification purpose only.*