世纪阳光

CENTURY SUNSHINE ECOLOGICAL TECHNOLOGY HOLDINGS LIMITED
世紀陽光生態科技控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 509)

ANNOUNCEMENT
DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF ADDITIONAL INTERESTS IN JIANGSU AZUREBLUE TECHNOLOGY DEVELOPMENT CO., LIMITED

Financial Adviser

HANTEC CAPITAL LIMITED

THE ACQUISITION

The Purchaser entered into the Agreement with the Vendor on 3 October 2008, pursuant to which the Purchaser agreed to acquire 32.2% equity interest in Jiangsu Azureblue from the Vendor at the Consideration of RMB32,200,000 (equivalent to approximately HK$35,420,000).

As the Vendor is a substantial shareholder of Jiangsu Azureblue, a subsidiary of the Company, the Vendor is regarded as a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules and will be subject to the approval of the Independent Shareholders by way of poll in general meeting. In addition, as some of the applicable percentage ratios as defined in the Listing Rules exceeds 5% but is less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under the Listing Rules.

An EGM will be convened and held to consider, and if thought fit, to approve the Acquisition and the transaction contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at the EGM in respect of the Acquisition. Under the Listing Rules, the Company will issue a circular to the Shareholders as soon as practicable, in which, among other things, (i) details of the Acquisition; (ii) a letter from the independent board committee of the Company containing its advice and recommendation to the Independent Shareholders in respect of the Acquisition; (iii) a letter from an independent financial adviser to the independent board committee of the Company and the Independent Shareholders containing its advice to the independent board committee of the Company and the Independent Shareholders in respect of the Acquisition; and (iv) a notice of the EGM will be provided.

INTRODUCTION

The Board announced that the Purchaser entered into the Agreement with the Vendor on 3 October 2008, pursuant to which the Purchaser agreed to acquire 32.2% equity interest in Jiangsu Azureblue from the Vendor at the Consideration of RMB32,200,000 (equivalent to approximately HK$35,420,000).

THE ACQUISITION

1. The Agreement

The principal terms of the Agreement are set out below:

Date

3 October 2008

Parties

Vendor: Lian Yun Port De Mei New Energy Technology Limited (連雲港德美新能源科技有限公司), a company established in the PRC with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is principally engaged in the provision of technical advice and consultancy services in the agricultural sector in Jiangsu province, the PRC.

Purchaser: Century Sunshine (Shanghai) Management Co., Limited, a company established in the PRC with limited liability

Subject matter of the Agreement

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire 32.2% equity interest in Jiangsu Azureblue. Upon Completion, the Company's equity interests in Jiangsu Azureblue will be increased from 51% to 83.2% indirectly. The Vendor's original purchase cost of the 49% equity interest in Jiangsu Azureablue was RMB49,000,000, representing the initial subscription fund in respect of the registered capital of Jiangsu Azureblue.

Consideration

The Consideration of RMB32,200,000 is to be satisfied by cash and shall be payable by the Purchaser to the Vendor within 7 days upon Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor based on normal commercial terms and with reference to the net assets value of Jiangsu Azureblue. The Directors (including the independent non-executive Directors) considered that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Agreement is in the interests of the Company and its Shareholders as a whole.

The Consideration will be settled by the internal resources of the Group.

Conditions precedent

Completion of the Acquisition is conditional upon fulfillment of the following conditions:

(a) the warranties under the Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion;

(b) the transfer under the Agreement shall comply with the requirements of the Listing Rules or of the Stock Exchange, including but not limited to approval of the Independent Shareholders at a general meeting of the Company being given for the Agreement and the transactions contemplated thereunder; and

(c) the obtaining of all necessary approvals and consents of the relevant governmental authorities in respect of the Acquisition.

If any of the above conditions have not been fulfilled or waived on or before 31 December 2008 (or such later date as the Vendor and the Purchaser may agree in writing), the Agreement shall cease to have any effect and no party shall have any claim under it against the other (without prejudice to the rights of any party in respect of antecedent breaches).

Completion

Completion shall take place upon the fulfillment of the conditions precedent of the Agreement.

2. Information on Jiangsu Azureblue

Jiangsu Azureblue is a sino-foreign equity joint venture company established by Century Sunshine Ecological Technology Limited, a wholly owned subsidiary of the Company, and the Vendor in the PRC with limited liability. Before the Acquisition, Jiangsu Azureblue is owned as to 51% by the Group and 49% by the Vendor. Jiangsu Azureblue has a registered capital of RMB100,000,000 which has been fully paid up. Apart from the transfer of 32.2% equity interest in Jiangsu Azureblue pursuant to the Agreement, the Vendor has also entered into agreements with two third parties to transfer in aggregate 16.8% equity interest in Jiangsu Azureblue to the two third parties. Upon Completion and completion of the abovementioned agreements, Jiangsu Azureblue will be owned as to 83.2% by the Group and 16.8% by the two third parties.

Jiangsu Azureblue is principally engaged in the production and sales of compound fertilizers in the Northern PRC. It currently has a production capacity of 200,000 tones of compound fertilizers.

According to the audited accounts of Jiangsu Azureblue which was prepared based on the generally accepted accounting principles in the PRC, its audited total assets as at 31 December 2007 was approximately RMB115,998,000 (equivalent to approximately HK$127,597,800) and the audited net asset as at 31 December 2007 was approximately RMB103,584,000 (equivalent to approximately HK$113,942,400). From 8 June 2007, the date of establishment of Jiangsu Azureblue, to 31 December 2007, Jiangsu Azureblue recorded an audited net profit before and after taxation of approximately RMB5,177,000 (equivalent to approximately HK$5,695,000) and RMB3,469,000 (equivalent to approximately HK$3,816,000) respectively.

3. Reasons for and the benefits of the Acquisition

The Group is engaged in the research and development, production and sale of fertilizers and biological pesticides for different agricultural applications.

The Directors are of the view that the Acquisition can provide the Group with strategic flexibility over Jiangsu Azureblue as the Group can control the majority interest in Jiangsu Azureblue upon Completion. In view of the profitable track record of Jiangsu Azureblue, the Directors are optimistic towards the prospects of Jiangsu Azureblue and considers that the increase in interest in Jiangsu Azureblue will contribute towards future earning capabilities of the Group.

4. Implications under the Listing Rules

As the Vendor is a substantial shareholder of Jiangsu Azureblue, a subsidiary of the Company, the Vendor is regarded as a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules and will be subject to the approval of the Independent Shareholders by way of poll in general meeting. In addition, as some of the applicable percentage ratios as defined in the Listing Rules exceeds 5% but is less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under the Listing Rules.

An EGM will be convened and held to consider, and if thought fit, to approve the Acquisition and the transaction contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at the EGM in respect of the Acquisition. Under the Listing Rules, the Company will issue a circular to the Shareholders as soon as practicable, in which, among other things, (i) details of the Acquisition; (ii) a letter from the independent board committee of the Company containing its advice and recommendation to the Independent Shareholders in respect of the Acquisition; (iii) a letter from an independent financial adviser to the independent board committee of the Company and the Independent Shareholders containing its advice to the independent board committee of the Company and the Independent Shareholders in respect of the Acquisition; and (iv) a notice of the EGM will be provided.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Acquisition"	the acquisition of 32.2% equity interest in Jiangsu Azureblue by the Purchaser from the Vendor pursuant to the Agreement
"Agreement"	the agreement dated 3 October 2008 relating to the Acquisition
"Board"	the board of Directors
"Company"	Century Sunshine Ecological Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange

"Completion"	the completion of the Acquisition
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	consideration for the acquisition of 32.2% equity interest in Jiangsu Azureblue in the sum of RMB32,200,000
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the Acquisition and the transaction contemplated thereunder
"Group"	the Company and its subsidiaries
Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	the Shareholders who are not connected to the Vendor or its associates and are not required to abstain from voting at the EGM to approve the Acquisition
"Jiangsu Azureblue"	Jiangsu Azureblue Technology Development Co., Limited (江蘇湛藍科技開發有限公司), a sino-foreign equity joint venture company established in the PRC with limited liability
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Purchaser"	Century Sunshine (Shanghai) Management Co., Limited (麥頂融(上海)投資咨詢有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	the ordinary share(s) of HK$0.02 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Lian Yun Port De Mei New Energy Technology Limited (連雲港德美新能源科技有限公司), a company established in the PRC with limited liability

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent.

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted to HK$ at a rate of RMB1.00 to HK$1.1.

By order of the Board
Shum Sai Chit
Executive Director

Hong Kong, 3 October 2008

As at the date of this announcement, the Directors are:–

Executive Directors:	*Mr. Chi Wen Fu, Mr. Shum Sai Chit and Mr. Zhou Xing Dun*
Non-executive Directors:	*Ms. Wong May Yuk, Mr. Wu Wen Jing, Benjamin and Ms. Chi Bi Fen*
Independent non-executive Directors:	*Mr. Kwong Ping Man and Mr. Chu Wai Wa, Fangus*

If there is any inconsistency between the Chinese names of any of the PRC entities, departments, facilities or titles mentioned in this announcement and their respective English translations, the Chinese version shall prevail.