

**SUN CENTURY GROUP LTD:
CAN THIS COMPANY SURVIVE ?**

Questions have to be raised, today, as to whether or not Sun Century Group Ltd () (Code: 1383, Main Board, The Stock Exchange of Hongkong Ltd) will be able to weather the current financial storm in which it is enmeshed.

Last Thursday, the Company made the following announcement:

‘ANNOUNCEMENT

**PURSUANT TO RULE 13.09 OF THE LISTING RULES
REGARDING THE LITIGATION BETWEEN CCB INTERNATIONAL ASSET
MANAGEMENT LIMITED AND SUN CENTURY GROUP LIMITED**

‘This announcement is made by Sun Century Group Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

‘Reference is made to the Company’s announcement dated 14 December 2012 (the “Announcement”) in relation to, amongst others, the receipt of a letter from CCB International Asset Management Limited (the “CCB”) on 20 November 2012. Unless otherwise defined, capitalized terms used in this announcement have the same meaning as defined in the Announcement.

‘Subsequent to the Announcement, the Company received a Writ of Summons issued out of the Court on 8 February 2013 with respect to the dispute between CCB as the plaintiff with the Company as one of the defendants. For the avoidance of doubt, Grand Prosperity, being the then majority shareholder of the Company, Mr. Zeng Yunshu, being a director of Grand Prosperity and the then Chairman and President of the Company and Mr. Zeng Sheng, being a director of Grand Prosperity and the then Vice-Chairman of the Company, have been joined as the other defendants.

‘No judgment on the legal proceedings has been made yet and the financial impact of the legal proceedings cannot be ascertained at the date of this announcement. The Company will make further announcement(s) to inform its shareholders of further developments of the litigation as and when appropriate. Shareholders and potential investors are advised to exercise caution in dealing with the shares of the Company.’

The Company was well aware of the likelihood that CCB would issue its claim and said so on December 14, 2012, when Chairman Chau Cheok Wa () published an announcement of the impending litigation.

The gist of that announcement was:

‘POTENTIAL LITIGATION

‘On 20 November 2012, the Company received a letter from CCB’s Solicitors alleging and claiming that:

- (i) as a result of the exercise of the Put Option by CCB, Grand Prosperity was required under the Credit Note to pay CCB the aggregate exercise price of the option shares of HK\$120,000,000;*
- (ii) CCB has received from Grand Prosperity only partial payment in the sum of HK\$35,000,000, leaving the outstanding balance of HK\$85,000,000 which remains due and payable;*
- (iii) pursuant to the terms of the Credit Note, the Company is required to indemnify CCB against any cost, loss or liability incurred by CCB as a result of, respectively, an event of default, and the failure by Grand Prosperity (being an obligor) to pay any amount due under a finance document as defined under the Credit Note on its due date; and*
- (iv) pursuant to the terms of the Credit Note, an event of default includes the non-payment by an obligor of any amount payable pursuant to a finance document as defined under the Credit Note.*

‘Under the Letter, CCB’s Solicitors demanded payment from the Company (by way of indemnity) of (i) the unpaid sum of HK\$85,000,000, together with (ii) default interest at the rate of ten per cent per annum from 13 January 2012, the original completion date of the alleged exercise of the Put Option, until the date of payment and (iii) all costs and expenses (including legal fees) incurred by them in recovering payment.

‘It is stated in the Letter that if the Company failed to make payment within three business days of the date of the Letter (which was extended by CCB’s Solicitors to 3 December 2012 requesting the Company’s legal advisers to give them a substantive reply by that date), CCB’s Solicitors may be instructed to commence formal proceedings to recover the unpaid sums. On 3 December 2012, the Company’s legal advisers further requested CCB’s Solicitors to withhold action for another two weeks to allow time for investigating the matter and taking the Company’s instructions but no response has been received from CCB’s Solicitors so far.

‘Up to the date of this announcement, the Company is not aware that CCB has commenced formal proceedings against the Company.

‘The Board has sought legal advice from its legal advisers in respect of the claims under the Letter and considers that based on the current information available to the Company, the Company is doubtful whether the Put Option as a distinct agreement between Grand Prosperity and CCB could be treated as a finance document within the meaning of the Credit Note.

‘Based on counsel opinion, the Directors are of the view that the Possible Claims are not valid and there shall be no change to the information in the Circular, in particular, the material change statement, indebtedness statement and working capital statement.

‘The Company will continue to seek legal advice in respect of the Possible Claims under the Letter and will make further announcement in due course as to any material development in connection with the aforesaid matter.’

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