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## **SUNCITY GROUP HOLDINGS LIMITED**

**太陽城集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1383)**

### **DISCLOSEABLE TRANSACTION: DISPOSAL OF AIRCRAFT**

#### **INTRODUCTION**

On 15 December 2021, the SP Agreement was entered into whereby the Group, through Golden Medal (an indirect wholly-owned subsidiary of the Company) as seller, agreed to sell to the Purchaser the Aircraft.

#### **IMPLICATIONS OF THE LISTING RULES**

As one of the applicable percentage ratios in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a disclosable transaction for the Company under Chapter 14 and is subject to the reporting and announcement requirements under Chapter 14.

## THE DISPOSAL

On 15 December 2021, the SP Agreement was entered into whereby the Group, through Golden Medal (an indirect wholly-owned subsidiary of the Company) as seller, agreed to sell to the Purchaser the Aircraft. The date, parties and principal terms of the SP Agreement are set out below.

### The SP Agreement

<b>Date</b>	:	15 December 2021.
<b>Vendor</b>	:	Golden Medal, an indirect wholly-owned subsidiary of the Company.
<b>Purchaser</b>	:	Jetcraft Global (UK) Limited, a company incorporated under the laws of England and Wales.
<b>Subject matter of the sale</b>	:	The Aircraft.
<b>Consideration and payment term</b>	:	<p>US\$10,000,000 (equivalent to HK\$77,500,000) payable to Golden Medal (or to its order), of which:</p> <ul style="list-style-type: none"><li>• US\$500,000 (equivalent to HK\$3,875,000) has been paid as deposit and being held by an escrow agent which shall be applied in payment of the Consideration upon Completion;</li><li>• US\$8,500,000 (equivalent to HK\$65,875,000) shall be paid on Completion; and</li><li>• US\$1,000,000 (equivalent to HK\$7,750,000) is to be paid post-Completion within three (3) business days of provision of evidence of correction of any discrepancies of the Aircraft as may be identified during the post-Completion inspection of the Aircraft by the Purchaser. If the Correction Costs exceed the cap of US\$1,000,000 (equivalent to HK\$7,750,000), US\$1,000,000 (equivalent to HK\$7,750,000) as part of the Consideration is to be paid to Golden Medal post-Completion within one (1) business day of confirmation of receipt of the Correction Costs of US\$1,000,000 (equivalent to HK\$7,750,000) by the Purchaser.</li></ul>

**Pre-Completion inspection** : Golden Medal shall make the Aircraft available for the Purchaser's preliminary inspection of the Aircraft's delivery conditions. The costs to move the Aircraft to the inspection facility shall be borne by the Purchaser. Within three (3) business days after completion of the preliminary inspection, the Purchaser shall notify Golden Medal by written notice of its acceptance or rejection of the Aircraft. The Purchaser is only entitled to reject the Aircraft if the preliminary inspection reveals that the Aircraft would be unable to meet its delivery conditions under the SP Agreement. If it is the case, the deposit of US\$500,000 (equivalent to HK\$3,875,000) shall be released to Golden Medal by the escrow agent and the SP Agreement shall accordingly be terminated.

If the Aircraft is accepted by the Purchaser, the Purchaser and Golden Medal shall proceed to Completion.

**Post-Completion inspection** : Following Completion, the Purchaser shall conduct a full technical inspection of the Aircraft to confirm its airworthiness, costs of which shall be borne by the Purchaser.

Any discrepancies as may be identified for or by the Purchaser during the post-Completion inspection shall be corrected by Golden Medal at the costs of Golden Medal subject to a cap of US\$1,000,000 (equivalent to HK\$7,750,000) ("**Correction Costs**").

**Completion Date** : Tentatively, on or before 27 December 2021.

The Consideration was determined on an arm's length negotiations between Golden Medal and the Purchaser, taking into account of (i) the market appraised value of the Aircraft as at 3 December 2021, quoted in the Aircraft Bluebook system (an aircraft valuation platform), of approximately US\$11,000,000 (equivalent to HK\$85,250,000); (ii) the net book value of the Aircraft as at 30 November 2021 of approximately HK\$74,467,000; and (iii) the benefits of having the Disposal proceed to Completion without having to wait for a full inspection of the Aircraft prior to Completion.

## INFORMATION ON THE AIRCRAFT

Golden Medal is an indirect wholly-owned subsidiary of the Company and the owner of the Aircraft and was acquired by the Group on 20 January 2020.

The Group commenced provision of charter flight since December 2020 and the Aircraft has only began to generate revenue since then.

The following is a summary of the unaudited net loss attributable to the Aircraft (as reported in books of Golden Medal) for the periods as stated below:

	<b>For the year ended 31 December 2020 (HK\$'000) (unaudited)</b>	<b>For the six months ended 30 June 2021 (HK\$'000) (unaudited)</b>
Loss before tax and extraordinary items	24,740	14,389
Net loss after tax and extraordinary items	24,740	14,389
Gross revenue	–	652

As at 30 November 2021, the net book value of the Aircraft was approximately HK\$74,467,000.

## INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated under the laws of England and Wales principally engaged in the business of aircraft sales and acquisitions.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and not connected with the Company.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Taking into consideration the net proceeds from the Disposal of approximately HK\$73,275,000 (net of (i) transaction costs of approximately HK\$350,000; and (ii) the estimated Correction Costs of approximately US\$500,000 (equivalent to HK\$3,875,000)) and the unaudited net book value of the Aircraft as at 30 November 2021 of approximately HK\$74,467,000, the Disposal is expected to result in a pre-tax loss of approximately HK\$1,192,000 to be recognised by the Group for the year ending 31 December 2021. The actual amount of loss as a result of the Disposal to be recognised by the Group will be subject to the audit by the auditors of the Company.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in (i) the development and operation of an integrated resort in the Philippines; (ii) the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation; (iii) provision of travel related products and services and aircraft chartering services; (iv) provision of hotel and integrated resort general consultancy services; (v) property development in the PRC and Japan; and (vi) property leasing and management and operation of malls in the PRC. As announced in the announcement of the Company dated 1 December 2021, the Group has suspended the operations of its travel and related business for the time being.

## **REASON FOR, AND BENEFITS OF, THE DISPOSAL AND USE OF THE NET SALE PROCEEDS**

In light of the COVID-19 pandemic which makes outbound travel difficult and less frequent and the timing of tourism rebound is uncertain, the Disposal allows the Group to (i) reduce its operating, maintenance and management cost of the Aircraft; and (ii) realise its investment in the Aircraft thereby generating immediate cash for the Group which will enhance the liquidity position of the Group. The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the Company and Shareholders as a whole.

It is intended that the net sale proceeds for the Disposal will be used as general working capital for the Group.

## **IMPLICATIONS OF THE LISTING RULES**

As one of the applicable percentage ratios in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a disclosable transaction for the Company under Chapter 14 and is subject to the reporting and announcement requirements under Chapter 14.

## DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions have the following meaning:

“Aircraft”	Bombardier Inc. BD-700–1A11 (Global 5000) aircraft with manufacturer’s serial number 9372 together with its engines and all aircraft documentation, appurtenances, parts, instruments, components, accessions and furnishing, of which Golden Medal is the owner. The Aircraft first entered into services in 2010.
“Board”	the board of Directors of the Company
“Company”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with its issued Shares listed on the Main Board of the Stock Exchange (Stock Code: 1383)
“Completion”	completion of the Disposal in accordance with the SP Agreement
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	US\$10,000,000 (equivalent to HK\$77,500,000), being the sale price of the Aircraft payable by the Purchaser to Golden Medal under the SP Agreement
“Correction Costs”	has the meaning defined in “The Disposal – The SP Agreement – Post-Completion inspection” in this announcement
“Directors”	the directors of the Company and each a “Director”
“Disposal”	the sale of the Aircraft by Golden Medal to the Purchaser under the SP Agreement
“Golden Medal”	Golden Medal Limited, an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands and the owner of the Aircraft

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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”	People’s Republic of China
“Purchaser”	Jetcraft Global (UK) Limited, a company incorporated under the laws of England and Wales and the purchaser of the Aircraft under the SP Agreement
“Shareholder”	the holder of any one or more Shares
“Shares”	ordinary shares of par value of HK\$0.10 each in the share capital of the Company
“SP Agreement”	the aircraft purchase agreement dated 15 December 2021 entered into between Golden Medal as seller and the Purchaser as purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*Notes:*

- (1) All references to times and dates are references to Hong Kong time unless otherwise stated.
- (2) In this announcement, unless otherwise stated, all references to Rules and Chapters are references to Rules and Chapters of the Listing Rules.
- (3) When translated, each HK\$ amount stated in this announcement was translated at the exchange rate of HK\$7.75 to US\$1.00.

By order of the Board  
**Suncity Group Holdings Limited**  
**Chiu King Yan**  
*Company Secretary*

Hong Kong, 15 December 2021

*As at the date of this announcement, the executive Directors are Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva; and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.*