

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this 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 announcement.



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 IN RELATION TO THE DISPOSAL OF THE DISPOSAL COMPANIES

THE DISPOSAL

On 10 May 2022 (after the trading hours of the Stock Exchange), the Vendors, a wholly-owned subsidiary of the Company and the Company, and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal. Pursuant to the Sale and Purchase Agreement, the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares for the Consideration of HK\$1 subject to the terms and conditions of the Sale and Purchase Agreement. The Sale Shares represent the entire equity interests held by the Vendors in the Disposal Companies.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal under Rule 14.07 of the Listing Rules exceeds 5% but all of the applicable percentage ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 10 May 2022 (after the trading hours of the Stock Exchange), the Vendors, a wholly-owned subsidiary of the Company and the Company, and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal. Pursuant to the Sale and Purchase Agreement, the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares for the Consideration of HK\$1 subject to the terms and conditions of the Sale and Purchase Agreement. The Sale Shares represent the entire equity interests held by the Vendors in the Disposal Companies.

THE DISPOSAL

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 10 May 2022

Parties: (1) The Vendors; and
(2) The Purchaser

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, Mr. Zhong, are Independent Third Parties. Mr. Zhong also holds 50% of the equity interest in Lender A.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares representing the entire issued share capital of the Disposal Companies.

The Loans

As of the date of this announcement, Shenzhen Sky Alliance owes (i) Loan A in the principal amount of RMB300,000,000 (equivalent to approximately HK\$366,928,000) with an interest rate of 1.5% per month (equivalent to approximately 18.0% per annum) due on 30 April 2022, which is secured by Shenzhen Sky Alliance's loan receivables (the "**Loan Receivables**") of RMB501,749,000 (equivalent to approximately HK\$613,685,000) and guaranteed by the Company in favour of Lender A; and (ii) Loan B in the principal amount of RMB180,000,000 (equivalent to approximately HK\$220,157,000) with an interest rate of 1.5% per month (equivalent to approximately 18.0% per annum) due on 30 April 2022, which is guaranteed by the Company, in favour of Lender B.

Under the Sale and Purchase Agreement, the Purchaser agrees to use its best endeavours to procure the release of the Guarantees made by the Company in respect of Loan A and Loan B.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Lender A, Lender B and their respective ultimate beneficial owners are Independent Third Parties.

Consideration

The consideration for the Disposal is HK\$1 which shall be payable in cash by the Purchaser to the Vendors. The Consideration was determined based on arm's length negotiations between the Vendors and the Purchaser with reference to (i) the net liabilities position of the Disposal Groups; (ii) the financial performance and prospects of the Disposal Groups; and (iii) the release of the Guarantees.

Conditions precedent

Completion is subject to and conditional upon, among others, the fulfilment or waiver (as the case may be) of the following conditions:

- (a) the Purchaser being satisfied with the results of the due diligence review of the Disposal Groups;
- (b) the guarantee provided by the Company in respect of Loan A having been released to the satisfaction of the Company;
- (c) the guarantee provided by the Company in respect of Loan B having been released to the satisfaction of the Company;
- (d) all outstanding amounts due by the Disposal Groups to the Remaining Group are, to the satisfaction of the Purchaser, unconditionally and irrevocably waived or transferred to the Purchaser (or its nominee) for a nominal consideration upon Completion;
- (e) the completion of transfer of the entire equity interest in Dongyang Xinguang from Disposal Group A to the Remaining Group in a manner satisfactory to the Purchaser and registration thereof;
- (f) the Vendors and the Group having obtained all necessary consents and approvals in relation to the Disposal;

- (g) the Purchaser having obtained all necessary consents and approvals in relation to the Disposal;
- (h) the representations and warranties made by the Vendors under the Sale and Purchase Agreement remaining to be true, accurate and not misleading; and
- (i) the representations and warranties made by the Purchaser under the Sale and Purchase Agreement remaining to be true, accurate and not misleading.

Save for conditions (a) and (h) above which may be waived in writing by the Purchaser and condition (i) above which may be waived by the Vendors, none of the conditions set out above can be waived by any party to the Sale and Purchase Agreement.

If any of the above conditions precedent have not been fulfilled or waived by 30 June 2022 (or such later date as the Vendors and the Purchaser may agree in writing), the Sale and Purchase Agreement shall automatically be terminated and cease to be of any effect, and none of the Vendors and the Purchaser shall have any claim of any nature or liabilities under the Sale and Purchase Agreement save for any antecedent breaches of its terms.

Completion

Completion will take place on the fifth Business Day after all the conditions precedent under the Sale and Purchase Agreement having been fulfilled or waived (or such other date as may be agreed by the parties to the Sale and Purchase Agreement).

Upon Completion, all of the companies under the Disposal Groups will cease to be subsidiaries of the Group and the financial results of all of the companies under the Disposal Groups will no longer be consolidated into those of the Group.

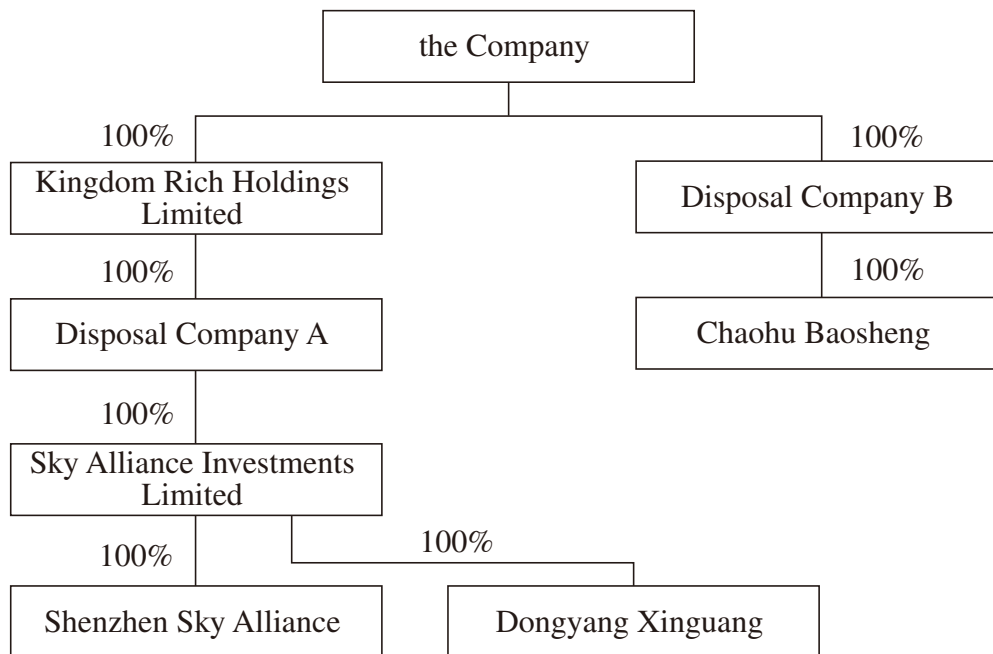
INFORMATION OF THE GROUP

The Group is principally engaged in (i) through Suntrust and its subsidiaries, the development and operation of the Main Hotel Casino in the Philippines; (ii) through Summit Ascent and its subsidiaries, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation; (iii) property development in the PRC and Japan; and (iv) management and operation of malls in the PRC.

INFORMATION OF THE DISPOSAL GROUPS

Shareholding structure of the Disposal Groups

Set out below is the shareholding structure of the Disposal Groups as at the date of the Sale and Purchase Agreement:



Disposal Company A is an investment holding company and a wholly-owned subsidiary of the Company. Disposal Company A, Sky Alliance Investments Limited and Shenzhen Sky Alliance are principally engaged in investment holding. Dongyang Xinguang is principally engaged in management and operation of malls in the PRC. Dongyang Xinguang will be transferred back to the Remaining Group before Completion.

Disposal Company B is an investment holding company and a wholly-owned subsidiary of the Company. Disposal Company B is principally engaged in investment holding. Chaohu Baosheng is principally engaged in property development in the PRC.

Financial Information of the Disposal Groups

Set out below is the unaudited combined financial information of the Disposal Groups, exclusive of the financial results of Dongyang Xinguang, prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2021:

	For the year ended 31 December 2021 <i>HK\$'000</i> (Unaudited)	For the year ended 31 December 2020 <i>HK\$'000</i> (Unaudited)
Revenue	–	–
Loss before taxation	404,867	38,128
Loss after taxation	404,847	38,128

The Disposal Groups had unaudited combined net liabilities of approximately HK\$541.3 million as at 31 December 2021.

Financial Information of Disposal Group A

Set out below is the unaudited consolidated financial information of Disposal Group A, exclusive of the financial results of Dongyang Xinguang, prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2021:

	For the year ended 31 December 2021 <i>HK\$'000</i> (Unaudited)	For the year ended 31 December 2020 <i>HK\$'000</i> (Unaudited)
Revenue	–	–
Loss before taxation	403,082	36,557
Loss after taxation	403,062	36,557

Disposal Group A had unaudited consolidated net liabilities of HK\$464.8 million as at 31 December 2021.

Financial Information of Disposal Group B

Set out below is the unaudited consolidated financial information of Disposal Group B prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2021:

	For the year ended 31 December 2021 <i>HK\$'000</i> (Unaudited)	For the year ended 31 December 2020 <i>HK\$'000</i> (Unaudited)
Revenue	–	–
Loss before taxation	1,785	1,571
Loss after taxation	1,785	1,571

Disposal Group B had unaudited consolidated net liabilities of HK\$76.5 million as at 31 December 2021. The principal asset of the Disposal Group B are the properties under development for a property project situated at Chaohu, Anhui Province of the PRC with fair value of RMB288,146,000 (equivalent to approximately HK\$352,429,000) as at 31 December 2021.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As of the date of this Announcement, Shenzhen Sky Alliance owes (i) Loan A in the principal amount of RMB300,000,000 (equivalent to approximately HK\$366,928,000) with an interest rate of 1.5% per month (equivalent to approximately 18.0% per annum) due on 30 April 2022, which is secured by the Loan Receivables of RMB501,749,000 (equivalent to approximately HK\$613,685,000) and guaranteed by the Company in favour of Lender A; and (ii) Loan B in the principal amount of RMB180,000,000 (equivalent to approximately HK\$220,157,000) with an interest rate of 1.5% per month (equivalent to approximately 18.0% per annum) due on 30 April 2022, which is guaranteed by the Company, in favour of Lender B.

Among the Loan Receivables, an amount of RMB401,749,000 (equivalent to approximately HK\$491,376,000) was due on 31 March 2022 but unpaid as at the date of this announcement with the remaining balance of RMB100,000,000 (equivalent to approximately HK\$122,309,000) due on 30 June 2023. The Loan Receivables are secured by certain properties with fair value of RMB799,745,000 (equivalent to approximately HK\$978,088,000) as at 31 March 2022, and the Group has been demanding the debtor of the Loan Receivables to repay the outstanding balance.

Based on the legal advice from the Group's PRC legal advisor, the Group can proceed legal actions to recover the Loan Receivables, but the legal process would take a relatively long time. The Loans, which bear significant interest rates at 1.5% per month (equivalent to approximately 18.0% per annum), were due on 30 April 2022. The Group could not reach a settlement in relation to the Loan Receivables prior to the maturity of the Loans.

Disposal Group A does not have significant operations and had a net liabilities position as at 31 December 2021, in which the core assets and liabilities are represented by the Loans Receivables and other borrowings comprising Loan A and Loan B, respectively. In respect of Disposal Group B, as disclosed in the announcement of the Company dated 12 April 2019, the PRC Government intended to reclaim the land use rights of Chaohu Baosheng, and no concrete compensation plan has been agreed yet.

The Disposal is an opportunity for the Group to (i) discharge its obligations to repay the Loans and interest thereon; (ii) discharge the Guarantees; (iii) recognise a gain on disposal of approximately HK\$127.8 million upon Completion; and (iv) act as one of the measures to address the disclaimer of opinion issued in relation to going concern by the auditor of the Company in respect of the consolidated financial statements of the Company for the year ended 31 December 2021. Taking into account the aforementioned, the Board considers the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited combined financial statements of the Disposal Groups for the year ended 31 December 2021, the gain on the Disposal is estimated to be approximately HK\$127.8 million, before taking into account the tax effect and subject to an audit, which is arrived at after taking into account the (i) the Consideration of HK\$1; (ii) estimated expenses relating to the Disposal of approximately HK\$0.4 million; (iii) the unaudited combined net liabilities of the Disposal Groups as at 31 December 2021 of approximately HK\$541.3 million; and (iv) the waiver and/or assignment of amounts due by the Disposal Groups to the Remaining Group in the aggregate amount of approximately HK\$413.1 million.

Shareholders should note that the actual gain or loss on the Disposal to be recorded by the Company will depend on the financial position of the Disposal Groups as at the date of Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal under Rule 14.07 of the Listing Rules exceeds 5% but all of the applicable percentage ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, or public holiday) on which Hong Kong licensed banks are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Chaohu Baosheng”	Chaohu Baosheng Tourism Development Co., Ltd.* (巢湖寶昇旅遊開發有限公司), a company established under the laws of PRC with limited liability
“Company”	Suncity 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: 1383)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of Completion
“Consideration”	the total consideration for the disposal of the Sale Shares
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendors to the Purchaser, pursuant to the Sale and Purchase Agreement
“Disposal Companies”	collectively Disposal Company A and Disposal Company B

“Disposal Company A”	Goal Explore Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Disposal Company B”	Boshing Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Disposal Group A”	Disposal Company A and its subsidiaries save for Dongyang Xinguang
“Disposal Group B”	Disposal Company B and its subsidiary
“Disposal Groups”	collectively Disposal Group A and Disposal Group B
“Dongyang Xinguang”	Dongyang Xinguang Pacific Enterprises Limited* (東陽新光太平洋實業有限公司)
“Group”	the Company and its subsidiaries
“Guarantees”	the guarantees made by the Company in relation to the Loans
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	individual(s) or company(ies) which is/are independent of and not connected with any member of the Group, the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates (within the meaning of the Listing Rules)
“Lender A”	Beijing Huameisong Business Management Company Limited* (北京華美松商業管理有限公司), the lender of Loan A
“Lender B”	Beijing Quanzhi Legend Technology Company Limited* (北京全智傳說科技有限公司), the lender of Loan B
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan A”	a loan in the principal amount of RMB300,000,000 (equivalent to approximately HK\$366,928,000) owing by Shenzhen Sky Alliance to Lender A
“Loan B”	a loan in the principal amount of RMB180,000,000 (equivalent to approximately HK\$220,157,000) owing by Shenzhen Sky Alliance to Lender B
“Loans”	collectively Loan A and Loan B
“Main Hotel Casino”	the 5-Star hotel and casino complex being erected by the SunTrust Group
“Mr. Zhong”	Mr. Zhong Jianhua
“PRC”	the People’s Republic of China
“Purchaser”	Great Promise Developments Limited, a company incorporated in the BVI with limited liability
“Remaining Group”	the Group excluding the Disposal Groups
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 10 May 2022 and entered into between the Purchaser and the Vendors in respect of the Disposal
“Sale Shares”	the entire issued share capitals of Disposal Company A and Disposal Company B
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Sky Alliance”	Shenzhen Sky Alliance Property Company Limited* (深圳聯天置業有限公司), a company established under the laws of the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Summit Ascent”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code:102)
“Suntrust”	Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on the Philippine Stock Exchange, Inc. (stock code: SUN) and an indirect 51% owned subsidiary of the Company
“Vendors”	Kingdom Rich Holdings Limited and the Company
“%”	per cent.

In this announcement, amounts in RMB are translated to HK\$ on the basis of RMB1= approximately HK\$1.223. The conversions are for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at other rates or at all.

* for identification purposes only

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

Hong Kong, 10 May 2022

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.