
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sun Century Group Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SUN CENTURY GROUP LIMITED

太陽世紀集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

**(I) CONTINUING CONNECTED TRANSACTION;
(II) PROPOSED CHANGE OF COMPANY NAME;
(III) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT;
AND
(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



Optima Capital Limited

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter of advice from Astrum to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 34 of this circular. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 19 to 20 of this circular.

A notice convening the EGM to be held at 20/F, OfficePlus @Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong at 3:00 p.m. on Friday, 31 March 2017 is set out on pages EGM-1 to EGM-4 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

8 March 2017

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Announcement”	the announcement of the Company dated 6 February 2017 in relation to, among other things, (i) the Hotel Procurement Accommodation Agreement; (ii) the Proposed Change of Company Name; and (iii) the Proposed Refreshment of the Scheme Mandate Limit
“associates”	has the meaning ascribed to it under the Listing Rules
“Astrum” or “Independent Financial Adviser”	Astrum Capital Management Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof)
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which licensed banks are open for business in Macau throughout their normal business hours
“Commencement Date”	the date of approval of the Hotel Accommodation Procurement Agreement at the EGM to be held and convened
“Company”	Sun Century Group 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting to be held and convened (i) for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution in respect of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof); and (ii) for the Shareholders to consider, and if thought fit, to approve (a) the special resolution in respect of the Proposed Change of Company Name; and (b) the ordinary resolution in respect of the Proposed Refreshment of the Scheme Mandate Limit
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel Accommodation Procurement Agreement”	the agreement dated 6 February 2017 entered into between Sun Travel and Sun City Gaming Promotion in relation to the procurement of the Hotel Accommodation Products
“Hotel Accommodation Products”	the provision of hotel accommodation and related services
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John, established to make recommendations to the Independent Shareholders in respect of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof)
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Chau and his associates
“Independent Third Party(ies)”	third parties independent of, and not connected with, the Company and its connected persons
“Latest Practicable Date”	6 March 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC

DEFINITIONS

“Mr. Chau”	Mr. Chau Cheok Wa, the Chairman of the Company and an executive Director, and the Controlling Shareholder
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Proposed Change of Company Name”	the proposal to change the English name of the Company from “Sun Century Group Limited” to “Suncity Group Holdings Limited” and to adopt the Chinese name “太陽城集團控股有限公司” as the dual foreign name of the Company to replace its existing Chinese name “太陽世紀集團有限公司”
“Proposed Refreshment of the Scheme Mandate Limit”	the proposal to refresh the Scheme Mandate Limit so that the Company may grant new options to subscribe for new Shares representing in aggregate up to 10% of its issued share capital as at the date of the EGM
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme, and thereafter, if refreshed, shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
“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)
“Share Option Scheme”	the share option scheme adopted by the Company at the annual general meeting held on 2 June 2016, details of which are set out in the circular of the Company dated 3 May 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Sun City Gaming Promotion”	Sun City Gaming Promotion Company Limited, a company incorporated in Macau with limited liability, which is wholly owned by Mr. Chau
“Sun Travel”	Sun Travel Ltd. (formerly known as Suncity Group Tourism Limited), a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Pataca, the lawful currency of Macau
“%”	per cent

For ease of reference and unless otherwise specified in this circular, sums in HK\$ and MOP in this circular are translated at the exchange rate of HK\$1=MOP1. This does not necessarily imply that HK\$ could be converted into MOP, or vice versa, at such exchange rate.

LETTER FROM THE BOARD



SUN CENTURY GROUP LIMITED

太陽世紀集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

Executive Directors:

Mr. Chau Cheok Wa (*Chairman*)
Ms. Yeung So Mui
Ms. Cheng Mei Ching
Ms. Yeung So Lai

Independent non-executive Directors:

Mr. Tou Kin Chuen
Dr. Wu Kam Fun, Roderick
Mr. Lo Wai Tung, John

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*

Room 1201-1202, 12/F
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

8 March 2017

To the Shareholders

Dear Sir or Madam,

**(I) CONTINUING CONNECTED TRANSACTION;
(II) PROPOSED CHANGE OF COMPANY NAME;
AND
(III) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, (i) the Hotel Accommodation Procurement Agreement; (ii) the Proposed Change of Company Name; and (iii) the Proposed Refreshment of the Scheme Mandate Limit.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof), the Proposed Change of Company Name and the Proposed Refreshment of the Scheme Mandate Limit; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof); (iii) the letter from Astrum to the Independent Board Committee and the Independent Shareholders in relation to the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof); (iv) the general information of the Group; and (v) the notice of the EGM.

CONTINUING CONNECTED TRANSACTION

On 6 February 2017, Sun Travel, an indirect wholly-owned subsidiary of the Company, entered into the Hotel Accommodation Procurement Agreement with Sun City Gaming Promotion.

Sun City Gaming Promotion is a company incorporated in Macau with limited liability and its principal activity is the operation of gaming promotion business in Macau. Sun City Gaming Promotion is wholly owned by Mr. Chau, who is the Chairman of the Company and an executive Director, and the Controlling Shareholder interested in approximately 72.31% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, Sun City Gaming Promotion is regarded as a connected person of the Company under the Listing Rules.

Principal terms of the Hotel Accommodation Procurement Agreement

Date

6 February 2017

Parties

- (i) Sun Travel; and
- (ii) Sun City Gaming Promotion

Term

Commencing from the Commencement Date (i.e. the date of approval of the Hotel Accommodation Procurement Agreement at the EGM to be held and convened) and ending on 31 December 2017 (both dates inclusive), subject to subsequent renewal in compliance with the Listing Rules.

LETTER FROM THE BOARD

Subject matter

Pursuant to the Hotel Accommodation Procurement Agreement, Sun Travel may from time to time procure from Sun City Gaming Promotion, and Sun City Gaming Promotion may from time to time supply to Sun Travel, the Hotel Accommodation Products, subject to the cap as set out below.

For the avoidance of doubt, Sun Travel shall have the right to source any or all of the Hotel Accommodation Products from third parties other than Sun City Gaming Promotion.

Every purchase order shall be given by Sun Travel orally or in writing and sent to Sun City Gaming Promotion in the manner specifying, among others, the quantities and/or descriptions of the Hotel Accommodation Products required by Sun Travel and the terms of payment (if applicable) (or in such other manner as the parties may agree in writing). If a purchase order is made orally in the first place, the parties to the Hotel Accommodation Procurement Agreement shall as soon as practicable provide written confirmation of the terms of the purchase order(s), including the quantities and/or descriptions of the Hotel Accommodation Products ordered by Sun Travel. Unless otherwise agreed by Sun City Gaming Promotion and Sun Travel, the settlement by Sun Travel for the Hotel Accommodation Products ordered shall be made once per month. If Sun City Gaming Promotion does not have sufficient supplies of the Hotel Accommodation Products to fulfill the purchase order and/or cannot supply the Hotel Accommodation Products in the quantities and/or quality as specified in the purchase order, Sun City Gaming Promotion should as soon as practicable inform Sun Travel orally or in writing and Sun Travel may then elect to either revise the purchase order or cancel the purchase order at its own discretion.

Sun Travel shall be entitled to reject and/or return such Hotel Accommodation Products supplied on the ground of any apparent lack of conformity (e.g. the grading, the type or the size of the hotel rooms ordered by Sun Travel being different from that provided by Sun City Gaming Promotion, etc.) by notifying Sun City Gaming Promotion and Sun City Gaming Promotion shall ratify and/or provide replacement of such Hotel Accommodation Products at the expenses of Sun City Gaming Promotion.

Pricing policy

The price at which the Hotel Accommodation Products may be purchased by Sun Travel shall be determined based on the acquisition costs incurred by Sun City Gaming Promotion of the Hotel Accommodation Products with no mark-up thereon.

The parties agreed that the purchase price will not be higher than the prices of the Hotel Accommodation Products offered by Sun City Gaming Promotion to its independent third parties (if any) and shall not be higher than the acquisition costs of the Hotel Accommodation Products procured by Sun City Gaming Promotion from other third parties. Sun City Gaming Promotion shall at the request of Sun Travel provide such information to Sun Travel in writing relating to its acquisition costs of the Hotel Accommodation Products and other relevant information to allow Sun Travel to verify the same.

LETTER FROM THE BOARD

The terms relating to the purchase price of the Hotel Accommodation Products have been determined after arm's length negotiations between Sun Travel and Sun City Gaming Promotion.

Condition

The Hotel Accommodation Procurement Agreement will become effective upon the passing by the Independent Shareholders at the EGM to be held and convened of an ordinary resolution to approve the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder including but not limited to the cap thereof.

If the condition above has not been satisfied on or before 4:00 p.m. on 30 April 2017 (or such other date as Sun Travel and Sun City Gaming Promotion may agree), the Hotel Accommodation Procurement Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Cap

The proposed maximum aggregate purchase price for the transactions under the Hotel Accommodation Procurement Agreement for the period from the Commencement Date to 31 December 2017 shall be HK\$120,000,000.

As at the Latest Practicable Date, Sun Travel has not procured any of the Hotel Accommodation Products from Sun City Gaming Promotion. The aforesaid cap has been determined based on (i) the average historical room rates of approximately 21,800 five-star hotels in 2016 in Macau of approximately MOP1,628.2 (equivalent to approximately HK\$1,628.2) as published by the Macao Government Tourism Office; (ii) the total number of approximately 21,800 five-star hotel rooms in Macau based on the latest available statistics published by the Statistics and Census Service of the Macau Government; (iii) the average historical occupancy rates of five-star hotels in 2016 in Macau of approximately 83.6% as published by the Statistics and Census Service of the Macau Government; and (iv) the market share of approximately 1.38% that Sun Travel targets to achieve with reference to the average market share of approximately 0.69% from other licensed travel agencies in Macau of similar size to Sun Travel.

Reasons for and benefits of entering into the Hotel Accommodation Procurement Agreement

The Group has been principally engaged in the development of residential and commercial properties as well as leasing of commercial properties in Guangdong, Liaoning and Anhui Provinces, the PRC, and hotel and integrated resort management and consultancy services. Following the completion of the acquisition of Sun Travel (formerly known as Suncity Group Tourism Limited), which is principally engaged in the provision of travel-related products and services, in August 2016, the Group has also diversified its business into the tourism-related service business in Macau.

LETTER FROM THE BOARD

The tourism industry in Macau has been growing steadily in recent years. Based on the information provided by the Statistics and Census Service of the Macau Government, visitor arrivals have increased by over 26% from approximately 25.0 million at 2010 to approximately 31.5 million at 2014. Despite a slight drop of approximately 2.6% year-on-year in 2015, the visitor population has remained robust at above 30 million people. The industry has also witnessed an early sign of recovery in 2016. In 2016, there was a total of approximately 31.0 million visitors coming to Macau, compared to a total of approximately 30.7 million visitors in 2015. Among the total visitors, more than half had stayed overnight and the number of overnight visitors increased by almost 10% year-on-year in 2016. The hotel occupancy has also been high in Macau with the annual average occupancy rates stable at over 80% since 2010. In view of the solid visitor volume coupled with the consistently high hotel occupancy rates, the Board has remained positive on the outlook on the Macau tourism industry and is confident that there will be a continual demand for the Hotel Accommodation Products offered by Sun Travel. Looking ahead, capitalising on its experience in the tourism-related business in Macau, Sun Travel may also consider providing travel-related products and services for other destinations.

Sun Travel assists its end customers in procuring the Hotel Accommodation Products as part of its ordinary and usual course of business. It could source the Hotel Accommodation Products directly from the hotels or indirectly through other travel agencies from time to time. On the other hand, Sun City Gaming Promotion, as a gaming promoter in Macau, is entitled to purchase the Hotel Accommodation Products directly from hotels in Macau at discounted prices from time to time. In view of the discounted rates offered by the hotels to Sun City Gaming Promotion, it is expected that the acquisition costs of the Hotel Accommodation Products by Sun City Gaming Promotion could be in general lower than that offered to Sun Travel directly from the hotels or indirectly from other travel agencies. In this connection, Sun Travel has negotiated with Sun City Gaming Promotion for the procurement of the Hotel Accommodation Products in Macau at its acquisition costs.

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that the transactions contemplated under the Hotel Accommodation Procurement Agreement are in the ordinary and usual course of business of the Group, the Hotel Accommodation Procurement Agreement has been entered into on normal commercial terms, the terms thereof are fair and reasonable, and the entering into of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Internal control measures

The Company has established various internal control measures to monitor the transactions contemplated under the Hotel Accommodation Procurement Agreement (and, where applicable, other continuing connected transactions of the Group). The internal control measures include, among others:

- (i) Sun Travel shall obtain quotations from at least two different sources (including Sun City Gaming Promotion, hotels and/or other travel agencies) before procurement of the Hotel Accommodation Products. Sun Travel shall determine the ultimate supplier of the required Hotel Accommodation Products based on certain selection criteria (including but not limited with the availability, price and credit terms). Staff of the customer service department will obtain the quotations and submit to the associate director of Sun Travel for review and approval on the procurement of Hotel Accommodation Products;
- (ii) Sun Travel shall nominate a staff (the “**CT Officer**”) who is familiar with the finance and business operations to be responsible for reporting to the Company Secretary on the transaction amounts and terms of the continuing connected transactions carried out by Sun Travel on a monthly basis;
- (iii) the Company Secretary shall keep monitoring the aggregate amount of the transactions contemplated under the Hotel Accommodation Procurement Agreement and assessing whether the annual cap thereunder is exceeded or Hotel Accommodation Procurement Agreement has to be renewed to effect a material change to its terms;
- (iv) in-house training shall be arranged by the Company Secretary to the CT Officer to ensure that the CT Officer have the practicable knowledge of the Listing Rules requirements on connected transactions and/or the continuing connected transactions;
- (v) the external auditors of the Company will report by issuing a letter to the Board annually on the continuing connected transactions of the Company in relation to the pricing policies and annual caps of the transactions contemplated under the Hotel Accommodation Procurement Agreement (and other continuing connected transactions of the Group, if any) conducted during the preceding financial year, pursuant to the requirements under the Listing Rules; and

LETTER FROM THE BOARD

- (vi) the independent non-executive Directors will conduct annual reviews with respect to the transactions contemplated under the Hotel Accommodation Procurement Agreement (and other continuing connected transactions of the Group, if any) and confirm in the annual report, pursuant to the requirements under the Listing Rules, whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Board is of the view that the above measures can ensure that the pricing and other contract terms for the Group's continuing connected transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and that the continuing connected transactions are conducted as agreed in the relevant agreements governing them and in compliance with the relevant Listing Rule requirements.

Listing Rules implications

Sun City Gaming Promotion is wholly owned by Mr. Chau, who is the Chairman of the Company and an executive Director, and the Controlling Shareholder interested in approximately 72.31% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, Sun City Gaming Promotion is regarded as a connected person of the Company under the Listing Rules, and therefore the transactions contemplated under the Hotel Accommodation Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the proposed cap under the Hotel Accommodation Procurement Agreement are more than 5% and all of them are less than 25% but the proposed cap is more than HK\$10,000,000, the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of Mr. Chau's interest in the Hotel Accommodation Procurement Agreement, Mr. Chau and his associates will abstain from voting on the ordinary resolution in relation to the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Chau and his associates were interested in 4,345,489,489 Shares representing approximately 72.31% of the issued share capital of the Company.

Mr. Chau has also abstained from voting in respect of the Board resolution relating to the Hotel Accommodation Procurement Agreement.

LETTER FROM THE BOARD

To the best of the Directors' knowledge and information, no Shareholders other than Mr. Chau and his associates have a material interest in the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder and no other Shareholders shall have to abstain from voting on the ordinary resolution in relation to the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof) to be proposed at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John, has been established to make recommendations to the Independent Shareholders in respect of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof). The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from "SUN CENTURY GROUP LIMITED" to "SUNCITY GROUP HOLDINGS LIMITED" and to adopt the Chinese name "太陽城集團控股有限公司" as the dual foreign name of the Company to replace its existing Chinese name "太陽世紀集團有限公司".

Conditions of the Proposed Change of Company Name

The Proposed Change of Company Name is conditional upon the following conditions having been satisfied:

- (i) the passing of a special resolution by the Shareholders at the EGM to approve the Proposed Change of Company Name; and
- (ii) the Registrar of Companies in the Cayman Islands approving the proposed new English name and the translated name of the dual foreign name in Chinese of the Company.

None of the above conditions can be waived.

The relevant filings with the Registrar of Companies in the Cayman Islands will be made after passing of the special resolution at the EGM. The Proposed Change of Company Name will take effect from the date on which the Registrar of Companies in the Cayman Islands enters the new name on the register of companies and issues a certificate of incorporation on change of name. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

In addition, subject to the confirmation of the Stock Exchange, the stock short name for trading in the Shares will also be changed after the Proposed Change of Company Name has become effective.

LETTER FROM THE BOARD

Reasons for the Proposed Change of Company Name

In order to reflect the business development of the Group, in particular, the diversification of the Group's business into the tourism-related business, the Board proposes the Proposed Change of Company Name. The Board is of the view that the Proposed Change of Company Name will provide the Company with a more appropriate corporate image and identity, and is in the interests of the Company and the Shareholders as a whole.

Effects of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any of the rights of the existing Shareholders. Other than the change to the English stock short name and the Chinese stock short name to be announced by the Company following the Proposed Change of Company Name becoming effective, the trading arrangements for the Shares on the Stock Exchange will not be affected. After the Proposed Change of Company Name becomes effective, any new issue of share certificates will be issued in the new English name and the dual foreign name of the Company. All existing share certificates of the Company in issue bearing the existing name of the Company will, after the Proposed Change of Company Name becomes effective, remain to be evidence of title to the Shares and will continue to be valid for trading, settlement and registration purposes. Accordingly, there will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates bearing the new names of the Company.

PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Board proposes to refresh the Scheme Mandate Limit so that the total number of Shares which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company on or after the date of the EGM will not exceed 10% of the issued share capital of the Company as at the date of passing of the resolution approving the refreshment of the Scheme Mandate Limit.

The Share Option Scheme was adopted by the Company on 2 June 2016. Save for the Share Option Scheme, the Company has no other share option schemes currently in force.

Pursuant to the terms of the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the Scheme Mandate Limit must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the Share Option Scheme or as refreshed.

The Company may refresh again the Scheme Mandate Limit by ordinary resolution of the Shareholders at a general meeting provided that:

- (i) the Scheme Mandate Limit so refreshed must not exceed 10% of the total number of Shares in issue as at the date of the Shareholders' approval of the Proposed Refreshment of the Scheme Mandate Limit;

LETTER FROM THE BOARD

- (ii) the share options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised share options) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed; and
- (iii) the total number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

The existing Scheme Mandate Limit under the Share Option Scheme is 150,231,472 Shares, being 10% of the Shares in issue as at 2 June 2016. As at the Latest Practicable Date, a total of 150,000,000 share options have been issued to the eligible participants under the Share Option Scheme, representing approximately 99.8% of the existing Scheme Mandate Limit. From the date of the approval of the existing Scheme Mandate Limit up to the Latest Practicable Date, there has not been any refreshment of the Scheme Mandate Limit, and together with the outstanding share options granted prior to approval of the existing Scheme Mandate Limit, the number of outstanding share options entitling the holders thereof to subscribe for Shares is 264,346,082.

The details of the outstanding share options granted and yet to be exercised are set out below:

Date of grant	Exercise period	Exercise price (HK\$)	Number of underlying Shares
15 May 2007	15 November 2007 – 14 May 2017	4.13	6,383,319 <i>(Note 1)</i>
10 October 2007	10 April 2008 – 9 October 2017	6.73	444,425 <i>(Note 1)</i>
13 February 2008	13 August 2008 – 12 February 2018	3.82	3,558,149 <i>(Note 1)</i>
12 December 2013	13 December 2013 – 11 December 2023	0.344	103,960,189 <i>(Note 1)</i>
11 January 2017	11 January 2017 – 10 January 2027	0.202	150,000,000 <i>(Note 2)</i>
Total			264,346,082

LETTER FROM THE BOARD

Notes:

1. These outstanding share options were granted under the share option scheme adopted on 31 January 2007, which were subsequently terminated on 2 June 2016.
2. These share options were granted under the existing Share Option Scheme.

Based on 6,009,258,900 Shares in issue as at the Latest Practicable Date, assuming no further Shares will be allotted and issued or repurchased from the Latest Practicable Date and up to the date of the EGM, upon the approval of the Proposed Refreshment of the Scheme Mandate Limit at the EGM, the Directors will, apart from the 264,346,082 outstanding share options which have already been granted and are yet to be exercised, be authorised to exercise the powers of the Company to grant options to subscribe for a total of 600,925,890 Shares, representing 10% of the total number of Shares in issue as at the date of the EGM.

Assuming that the Proposed Refreshment of the Scheme Mandate Limit is approved at the EGM and taking into account the following:

- (i) the additional 600,925,890 share options subject to the Scheme Mandate Limit (as refreshed); and
- (ii) the 264,346,082 outstanding share options granted and yet to be exercised,

the aggregate number of Shares that may be issued under the share options to be granted under the Scheme Mandate Limit (as refreshed) and to be issued under the outstanding share options granted and yet to be exercised will be 865,271,972 Shares, representing approximately 14.40% of the total number of Shares in issue as at the Latest Practicable Date and is within the limit of 30% of the total number of Shares in issue from time to time as required under the Share Option Scheme and the Listing Rules.

The purpose of the Share Option Scheme is to enable the Company to grant share options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Company. As the grant of share options to such eligible participants under the Share Option Scheme will not affect the Group's cash flow but will help the Company to retain and motivate them to contribute to the success of the Group's business, the Board has decided to grant to those eligible participants such number of share options which will provide sufficient incentives to them to achieve the purpose of the Share Option Scheme. In order to facilitate the Company in maximising the use of the share options for the aforesaid purpose, the Board proposes the Proposed Refreshment of the Scheme Mandate Limit.

LETTER FROM THE BOARD

The Proposed Refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Proposed Refreshment of the Scheme Mandate Limit; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares representing 10% of the Shares in issue as at the date of the EGM, which may be issued pursuant to the exercise of share options to be granted under the refreshed Scheme Mandate Limit.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares to be listed by the Company (representing 10% of the total number of Shares in issue as at the date of the EGM) which may be issued upon the exercise of the share options that may be granted under the refreshed Scheme Mandate Limit.

GENERAL

The EGM will be held and convened (i) for the Independent Shareholders to consider, and, if thought fit, to approve the ordinary resolution in respect of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof); and (ii) for the Shareholders to consider, and, if thought fit, to approve (a) the special resolution in respect of the Proposed Change of Company Name; and (b) the ordinary resolution in respect of the Proposed Refreshment of the Scheme Mandate Limit.

As discussed in the paragraph headed “Listing Rules implications” under the section headed “Continuing Connected Transaction” above, by virtue of Mr. Chau’s interest in Sun City Gaming Promotion, thereby the Hotel Accommodation Procurement Agreement, Mr. Chau and his associates will abstain from voting on the ordinary resolution in relation to the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof) to be proposed at the EGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders other than Mr. Chau and his associates have a material interest in the Hotel Accommodation Procurement Agreement and are required to abstain from voting on the relevant resolution.

On the other hand, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Change of Company Name and the Proposed Refreshment of the Scheme Mandate Limit and is required to abstain from voting on the relevant resolutions at the EGM.

LETTER FROM THE BOARD

A notice convening the EGM to be held at 20/F, OfficePlus @Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong at 3:00 p.m. on Friday, 31 March 2017 is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular which contains its recommendation to the Independent Shareholders in relation to the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof), and the letter from Astrum set out on pages 21 to 34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Board (including the independent non-executive Directors whose recommendation is set out in the letter from the Independent Board Committee) considers that the transactions contemplated under the Hotel Accommodation Procurement Agreement are in the ordinary and usual course of business, the Hotel Accommodation Procurement Agreement has been entered into on normal commercial terms, the terms thereof are fair and reasonable, and the entering into of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof).

The Board also considers that the Proposed Change of Company Name and Proposed Refreshment of the Scheme Mandate Limit are in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Proposed Change of Company Name and the Proposed Refreshment of the Scheme Mandate Limit.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Sun Century Group Limited
Chau Cheok Wa
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



SUN CENTURY GROUP LIMITED

太陽世紀集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

8 March 2017

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company dated 8 March 2017 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders in connection with the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof). Astrum has been appointed as the independent financial adviser to advise us in this respect. We wish to draw your attention to the letter from the Board and the letter from Astrum as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Astrum as set out in its letter of advice, we consider that the transactions contemplated under the Hotel Accommodation Procurement Agreement are in the ordinary and usual course of business of the Group, the Hotel Accommodation Procurement Agreement has been entered into on normal commercial terms, the terms thereof are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof).

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Tou Kin Chuen
*Independent non-executive
Director*

Dr. Wu Kam Fun, Roderick
*Independent non-executive
Director*

Mr. Lo Wai Tung, John
*Independent non-executive
Director*

LETTER FROM ASTRUM

The following is the text of the letter of advice from Astrum, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the cap thereof), which has been prepared for the purpose of inclusion in this circular.



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

8 March 2017

To the Independent Board Committee and
the Independent Shareholders of
Sun Century Group Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the “**Independent Board Committee**”) and the independent shareholders (the “**Independent Shareholders**”) of Sun Century Group Limited (the “**Company**”) in relation to the continuing connected transactions (the “**Continuing Connected Transactions**”) contemplated under the Hotel Accommodation Procurement Agreement with the proposed annual cap (the “**Annual Cap**”). The details of the Continuing Connected Transactions are disclosed in the announcement of the Company dated 6 February 2017 (the “**Announcement**”) and in the letter from the board (the “**Letter from the Board**”) set out on pages 5 to 18 of the circular of the Company dated 8 March 2017 (the “**Circular**”) to its shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 6 February 2017, Sun Travel and Sun City Gaming Promotion entered into the Hotel Accommodation Procurement Agreement. Sun City Gaming Promotion is a company incorporated in Macau with limited liability and its principal activity is the operation of gaming promotion business in Macau. Sun City Gaming Promotion is wholly owned by Mr. Chau, who is the Chairman of the Company and an executive Director, and the Controlling Shareholder interested in approximately 72.31% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, Sun City Gaming Promotion is regarded as a connected person of the Company under the Listing Rules, and therefore the transactions contemplated under the Hotel Accommodation Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM ASTRUM

As certain applicable percentage ratios in respect of the Annual Cap under the Hotel Accommodation Procurement Agreement are more than 5% and all of them are less than 25% but the Annual Cap is more than HK\$10,000,000, the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the Annual Cap) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of Mr. Chau's interest in the Hotel Accommodation Procurement Agreement, Mr. Chau and his associates will abstain from voting on the ordinary resolution in relation to the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the Annual Cap) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Chau and his associates were interested in 4,345,489,489 Shares, representing approximately 72.31% of the issued share capital of the Company.

To the best of the Directors' knowledge and information, no Shareholders other than Mr. Chau and his associates have a material interest in the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the Annual Cap) and no other Shareholders shall have to abstain from voting on the ordinary resolution in relation to the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the Annual Cap) to be proposed at the EGM.

Mr. Chau has abstained from voting in respect of the relevant board resolution regarding the Hotel Accommodation Procurement Agreement.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John, has been established to make recommendations to the Independent Shareholders in respect of the terms of the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder (including the Annual Cap). We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, Sun Travel, Sun City Gaming Promotion and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. In the last two years, there was no other engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the Continuing Connected Transactions, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions.

LETTER FROM ASTRUM

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, *inter alia*, the Announcement, the Circular, the Hotel Accommodation Procurement Agreement, the annual report of the Company for the financial year ended 31 December 2015 (the “**2015 Annual Report**”), the interim report of the Company for the six months ended 30 June 2016 (the “**2016 Interim Report**”) and the announcements of the Company dated 14 July 2016 and 31 August 2016 (the “**Acquisition Announcements**”) in relation to the acquisition of the entire issued share capital of Sun Travel. We have also reviewed certain information provided by the management of the Company (the “**Management**”) relating to the operations, financial conditions and prospects of the Group (including but not limited to Sun Travel). We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted discussions with the Management regarding the Continuing Connected Transactions, the businesses and future outlook of the Group (including but not limited to Sun Travel). We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have performed all necessary steps to enable us to reach an informed view regarding the terms of, and the reasons for entering into, the Hotel Accommodation Procurement Agreement and to justify our reliance on the information provided so as to provide a reasonable basis of opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Continuing Connected Transactions. Except for the inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

Unless otherwise specified in this letter, amounts denominated in MOP have been converted to HK\$ at a rate of MOP1 to HK\$1 for illustration purpose.

LETTER FROM ASTRUM

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Hotel Accommodation Procurement Agreement (including the Annual Cap) are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background of, reasons for, and benefits of the entering into of the Hotel Accommodation Procurement Agreement

The Group is principally engaged in the development of residential and commercial properties as well as leasing of commercial properties in Guangdong, Liaoning and Anhui Provinces, the PRC, and hotel and integrated resort management and consultancy services.

In mid-2016, the Group has diversified its business to the tourism related service business by acquiring the entire issued share capital of Sun Travel (formerly known as Suncity Group Tourism Limited) at the consideration of MOP1,500,000 (equivalent to approximately HK\$1,500,000) (the “**Acquisition**”). Sun Travel was incorporated in Macau on 13 January 2014 with limited liability and is principally engaged in the provision of travel-related products and services. Since its incorporation, Sun Travel had been applying for the travel agency license from the Macau Government Tourist Office and a valid license was subsequently granted on 17 December 2015. The travel agency license was renewed on 1 December 2016. Prior to the Acquisition, Sun Travel has been negotiating with several tourism-related service providers who are Independent Third Parties on the entering into of certain service agreements for services including, among others, supply of ferry tickets and provision of helicopter services. Subsequently, completion of the Acquisition took place on 31 August 2016. Please refer to the Acquisition Announcements for further details of the Acquisition.

As mentioned in the Acquisition Announcements, the Group intends to, through Sun Travel, (i) develop a leading and unique platform which offers high-end, luxury and tailor-made travel-related products and services to customers, including travel packages to entertainment resort facilities; (ii) launch an online platform to capture the online business opportunity to develop the O2O business model; and (iii) explore other affiliate business and investment opportunities by leveraging on the customer base of travel packages and products. We have discussed with the Management in relation to the development of Sun Travel, and were given to understand that Sun Travel is expanding its service scope to provision of the Hotel Accommodation Products to its customers.

LETTER FROM ASTRUM

As advised by the Management, the Group has injected substantial effort and capital to develop the business of Sun Travel, including but not limited to (i) formulation of the business plan of Sun Travel; (ii) building up a working team; (iii) setting up physical travel service counters in Macau; and (iv) negotiating with potential service/product suppliers. Based on the latest business plan, Sun Travel is expanding its service scope to provision of the Hotel Accommodation Products and in the meanwhile, continues to expand its customer base for supply of ferry tickets and provision of helicopter services, and will further develop to sale of tailor-made travel packages for its customers based on their requirements, preference and budget. Sun Travel has built up a working team with 17 employees as at the Latest Practicable Date, led by the technical director, namely, Ms. Mak Chi Na (麥志娜) who has 10 years of experience in the tourism-related service industry in Macau and has established a strong network and connection with potential customers. With the valid travel agency license, Sun Travel could assist its end customers in procuring the Hotel Accommodation Products as part of its ordinary and usual course of business. Sun Travel could source the Hotel Accommodation Products directly from the hotels or indirectly from other travel agencies in Macau from time to time. With an aim to secure stable source of customers, Sun Travel has set up physical travel service counters in Macau to capture those travelers who are in needs of the Hotel Accommodation Products. It will also launch an online platform and mobile apps to allow customers to purchase the Hotel Accommodation Products through electronic channels, so as to enlarge the customer base. In addition, the connection and network of the existing staff would also be another important source of customers to Sun Travel.

To materialize the business plan as detailed above, Sun Travel has from time to time been negotiating with potential service/product suppliers. On 6 February 2017, Sun Travel entered into the Hotel Accommodation Procurement Agreement with Sun City Gaming Promotion for the supply of the Hotel Accommodation Products. As advised by the Management, save for the Hotel Accommodation Procurement Agreement, Sun Travel had not entered into any other formal or definitive agreements with other suppliers in relation to the procurement of the Hotel Accommodation Products as at the Latest Practicable Date.

It is expected by the Management that Sun Travel will commence the procurement of the Hotel Accommodation Products from Sun City Gaming Promotion around March 2017, subject to the approval of the Independent Shareholders at the EGM in relation to the entering into of the Hotel Accommodation Procurement Agreement. Having considered the above, in particular, (i) it is the intention of the Group to, through Sun Travel, develop a leading and unique platform which offers high-end, luxury and tailor-made travel-related products and services to customers, including travel packages to entertainment resort facilities; and (ii) it is the ordinary and usual course of business of Sun Travel to assist its end customers in procuring the Hotel Accommodation Products, we are of the view that the entering into of the Hotel Accommodation Procurement Agreement is in line with the business development of the Group and can facilitate the operation of Sun Travel.

LETTER FROM ASTRUM

Furthermore, Sun City Gaming Promotion is principally engaged in the operation of gaming promotion business in Macau. As advised by the Management, Sun City Gaming Promotion has 10 years of experience in gaming promotion in Macau, and has established good relationship with five-star hotels in Macau. In this regard, Sun City Gaming Promotion is entitled to purchase the Hotel Accommodation Products directly from hotels in Macau at discounted prices from time to time. It is expected that the acquisition costs of the Hotel Accommodation Products by Sun City Gaming Promotion could be in general lower than that offered to Sun Travel directly from the hotels or indirectly from other travel agencies. In addition, relying on good relationship with the hotels, Sun City Gaming Promotion can procure the Hotel Accommodation Products directly from hotels in an efficient way and/or on a priority basis. In view of the sound reputation of Sun City Gaming Promotion in Macau, together with its good relationship with hotels, we consider that the entering into of the Hotel Accommodation Procurement Agreement enables the Group to secure a stable supply of the Hotel Accommodation Products in an efficiency way and at a competitive price.

In addition, we have studied the tourism industry in Macau from the public domains. Macau is commonly known as the “Oriental Las Vegas”. Since the liberalization of gaming license in 2003 which has continuously brought about large investments in public infrastructure, hotels and casinos, the tourism industry in Macau kept growing in a steady pace in the past few years. According to the statistics released by Macao Government Tourism Office, visitor arrivals of Macau increased from approximately 22.9 million in 2008 to approximately 31.0 million in 2016, representing a compound annual growth rate (“CAGR”) of approximately 3.8%. Among which, overnight visitors increased from approximately 10.6 million in 2008 to approximately 15.7 million in 2016, representing a CAGR of approximately 5.0%. To cope with the needs of visitors, the number of hotels in Macau surged from 88 as at 31 December 2008 to 113 as at 31 December 2016, while the occupancy rate of hotel rooms maintained at a high level of over 70%. In view of the above findings, we concur with the Board’s view that the outlook on the Macau tourism industry is optimistic and there will be a continual demand for the Hotel Accommodation Products offered by Sun Travel.

Having considered the above, and in particular, the facts that (i) the entering into of the Hotel Accommodation Procurement Agreement is in line with the business development of the Group and can facilitate the operation of Sun Travel; (ii) the entering into of the Hotel Accommodation Procurement Agreement enables the Group to secure a stable supply of the Hotel Accommodation Products in an efficiency way and at a competitive price; (iii) the outlook on the Macau tourism industry is optimistic and it is believed that there will be a continual demand for the Hotel Accommodation Products offered by Sun Travel; and (iv) the terms of the Hotel Accommodation Procurement Agreement are fair and reasonable so far as the Independent Shareholders are concerned (please refer to our analysis as detailed in the paragraph headed “2. *Principal terms of the Hotel Accommodation Procurement Agreement*” below), we concur with the Directors’ view that the Continuing Connected Transactions contemplated under the Hotel Accommodation Procurement Agreement are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM ASTRUM

2. Principal terms of the Hotel Accommodation Procurement Agreement

According to the Letter from the Board, the principal terms of the Hotel Accommodation Procurement Agreement are as follows:

(a) *Date*

6 February 2017

(b) *Parties*

- (i) Sun Travel; and
- (ii) Sun City Gaming Promotion

(c) *Term*

Commencing from the Commencement Date (i.e. the date of approval of the Hotel Accommodation Procurement Agreement at the EGM to be held and convened) and ending on 31 December 2017 (both dates inclusive), subject to subsequent renewal in compliance with the Listing Rules.

(d) *Subject matter*

Pursuant to the Hotel Accommodation Procurement Agreement, Sun Travel may from time to time procure from Sun City Gaming Promotion, and Sun City Gaming Promotion may from time to time supply to Sun Travel, the Hotel Accommodation Products, subject to the Annual Cap. For the avoidance of doubt, Sun Travel shall have the right to source any or all of the Hotel Accommodation Products from third parties other than Sun City Gaming Promotion.

(e) *Pricing policy*

The price at which the Hotel Accommodation Products may be purchased by Sun Travel shall be determined based on the acquisition costs incurred by Sun City Gaming Promotion of the Hotel Accommodation Products with no mark-up thereon. The parties agreed that the purchase price will not be higher than the prices of the Hotel Accommodation Products offered by Sun City Gaming Promotion to its independent third parties (if any) and shall not be higher than the acquisition costs of the Hotel Accommodation Products procured by Sun City Gaming Promotion from other third parties.

LETTER FROM ASTRUM

According to the Letter from the Board, the terms relating to the purchase price of the Hotel Accommodation Products have been determined after arm's length negotiations between Sun Travel and Sun City Gaming Promotion. The Directors consider that the Hotel Accommodation Procurement Agreement are in the ordinary course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In assessing the fairness and reasonableness of the terms of the Hotel Accommodation Procurement Agreement, we have reviewed, and discussed with the Management, the Hotel Accommodation Procurement Agreement (including but not limited to the pricing policy). Pursuant to the Hotel Accommodation Procurement Agreement, the purchase price of the Hotel Accommodation Products payable by Sun Travel to Sun City Gaming Promotion will not be higher than (i) the prices of the Hotel Accommodation Products offered by Sun City Gaming Promotion to its independent third parties (if any); and (ii) the acquisition costs of the Hotel Accommodation Products procured by Sun City Gaming Promotion from other third parties, and Sun City Gaming Promotion shall at the request of Sun Travel provide such information to Sun Travel in writing relating to its acquisition costs of the Hotel Accommodation Products and other relevant information to allow Sun Travel to verify the same. With the verification mechanism as set out in the Hotel Accommodation Procurement Agreement, we consider that the interests of Sun Travel is secured.

We further noted from the Hotel Accommodation Procurement Agreement that Sun Travel shall have the right to source any or all of the Hotel Accommodation Products from third parties other than Sun City Gaming Promotion. As advised by the Management, Sun Travel has compiled an operation flow in respect of the procurement of the Hotel Accommodation Products under the Hotel Accommodation Procurement Agreement (the "**Operation Flow**"). We have obtained from the Management, and reviewed, the Operation Flow. According to the Operation Flow, Sun Travel shall obtain quotations from at least two different sources (including Sun City Gaming Promotion, hotels and/or other travel agencies) before procurement of the Hotel Accommodation Products. Sun Travel shall determine the ultimate supplier of the required Hotel Accommodation Products based on certain selection criteria (including but not limited with the availability, price and credit terms). Staff of the customer service department will obtain the quotations and submit to the associate director of Sun Travel for review and approval on the procurement of the Hotel Accommodation Products. Upon review of the Operation Flow and our discussion with the Management, we are of the view that the pricing policy and mechanism in respect of the procurement of the Hotel Accommodation Products under the Hotel Accommodation Procurement Agreement is well in place so as to ensure that Sun Travel would procure the Hotel Accommodation Products with the most favorable terms available to it under a systematic procedure, and thus safeguard the interests of the Company and the Shareholders as a whole. Furthermore, as advised by the Management, Sun Travel has identified several possible suppliers of the Hotel Accommodation Products (including five-star hotels and travel agency in Macau). We are of the view that the strict implementation of the Operation Flow (in particular, obtaining quotations from different sources and determining the ultimate supplier based on certain selection criteria) could effectively reduce the Group's reliance on Sun City Gaming Promotion in relation to the procurement of the Hotel Accommodation Products.

LETTER FROM ASTRUM

Having considered the facts that (i) the terms relating to the purchase price of the Hotel Accommodation Products have been determined after arm's length negotiations between Sun Travel and Sun City Gaming Promotion; (ii) the purchase price will not be higher than the prices of the Hotel Accommodation Products offered by Sun City Gaming Promotion to its independent third parties (if any) and shall not be higher than the acquisition costs of the Hotel Accommodation Products procured by Sun City Gaming Promotion from other third parties; and (iii) the pricing policy and mechanism in respect of the procurement of the Hotel Accommodation Products under the Hotel Accommodation Procurement Agreement is well in place so as to ensure that Sun Travel would procure the Hotel Accommodation Products with the most favorable terms available to it under a systematic procedure, we consider that the terms of the Hotel Accommodation Procurement Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Annual Cap for the Continuing Connected Transactions

The proposed Annual Cap for the transactions under the Hotel Accommodation Procurement Agreement for the period from the Commencement Date to 31 December 2017 shall be HK\$120,000,000.

In order to assess the fairness and reasonableness of the Annual Cap, we have discussed with the Management in relation to the estimation of the Annual Cap and were given to understand that the Annual Cap was estimated based on the following formula:

$$\text{Annual Cap} = A \times B \times C$$

where

A = the average acquisition cost of the Hotel Accommodation Products

B = the expected number of hotel rooms to be procured by Sun Travel from Sun City Gaming Promotion per day under the Hotel Accommodation Procurement Agreement

C = the number of days during the period from the expected Commencement Date to 31 December 2017

In this regard, we have discussed with the Management about the determination of each of (i) the average acquisition cost of the Hotel Accommodation Products; (ii) the expected number of hotel rooms to be procured by Sun Travel from Sun City Gaming Promotion per day under the Hotel Accommodation Procurement Agreement; and (iii) the expected Commencement Date as detailed below:

LETTER FROM ASTRUM

(i) the average acquisition cost of the Hotel Accommodation Products

To estimate the average acquisition cost of the Hotel Accommodation Products, the Company has made reference to the average historical room rates of five-star hotels in Macau in 2016 as published by the Macao Government Tourism Office. According to the statistics released by the Macao Government Tourism Office, the average historical room rates of five-star hotels in 2016 in Macau was approximately MOP1,628.2 (equivalent to approximately HK\$1,628.2). Since Sun City Gaming Promotion's connection lies with five-star hotels, we consider that it is fair and reasonable to make reference to the historical room rates of five-star hotels. Furthermore, as Sun Travel had not procured any of the Hotel Accommodation Products from Sun City Gaming Promotion as at and up to the Latest Practicable Date, there is no historical acquisition cost of the Hotel Accommodation Products procured by Sun Travel from Sun City Gaming Promotion available to the Group for estimating the average acquisition cost of the Hotel Accommodation Products under the Hotel Accommodation Procurement Agreement. In view of the above, we consider that it is reasonable for the Group to make reference to the average historical room rates of five-star hotels in Macau in 2016 as published by the Macao Government Tourism Office, which is regarded as a reliable source of data, in determining the average acquisition cost of the Hotel Accommodation Products.

(ii) the expected number of hotel rooms to be procured by Sun Travel from Sun City Gaming Promotion per day under the Hotel Accommodation Procurement Agreement

We were given to understand by the Management that the expected number of rooms to be procured by Sun Travel from Sun City Gaming Promotion per day was calculated by multiplying (i) the existing total number of five-star hotel rooms in Macau based on the statistics published by the Statistics and Census Service of the Macau Government; (ii) the average historical occupancy rates of five-star hotels in Macau as published by the Statistics and Census Service of the Macau Government; and (iii) the market share that Sun Travel targets to be achieved. According to the statistics released by the Statistics and Census Service of the Macau Government, the total number of five-star hotel rooms in Macau as at 31 December 2016 was approximately 21,800[^] and the average historical occupancy rates of five-star hotels in Macau as published by the Statistics and Census Service of the Macau Government in 2016 was approximately 83.63%[^]. As advised by the Management, the targeted market share of Sun Travel is 1.38%, which was determined with reference to the average market share of other licensed travel agencies in Macau of similar size to Sun Travel (i.e. with 10 or more employees). According to the report named "Travel Agencies Survey 2015" and published by the Statistics and Census Service of the Macau Government (the "**2015 Travel Agencies Survey**"), there were 118 licensed travel agencies with 10 or more employees as at 31 December 2015, and these travel agencies accounted for approximately 81% of revenue derived from hotel room reservation market in Macau in 2015. The average market share of each travel agency (with 10 or more employees) in term of room reservation revenue is approximately 0.69% (i.e. dividing 81% market share by 118 licensed travel agencies with 10 or more employees). It is noted that the targeted market share of Sun Travel

[^] Provisional figures subject to adjustment

LETTER FROM ASTRUM

doubles the average market share of other licensed travel agencies in Macau of similar size to Sun Travel. Taking into account (i) the Group has been engaging in the hotel and integrated resort consultancy service; (ii) Mr. Chau, the executive Director and the Chairman of the Company, is engaged in the business of gaming promotion in Macau and has established a strong network and connection in the tourism-related service industry in Macau; (iii) Sun Travel is led by Ms. Mak Chi Na (麥志娜), the technical director of Sun Travel, who has 10 years of experience in the tourism-related service industry in Macau; and (iv) Sun Travel has set up physical travel service counters in Macau to capture those travelers who are in needs of the Hotel Accommodation Products, and will launch an online platform and mobile apps to allow customers to purchase the Hotel Accommodation Products through electronic channels, so as to enlarge the customer base, the Management is confident that Sun Travel is capable to capture the aforementioned targeted market share. To assess the fairness and reasonableness of the targeted market share of Sun Travel, we have discussed with the Management the development plan of Sun Travel. As mentioned in the paragraph headed “*1. Background of, reasons for, and benefits of the entering into of the Hotel Accommodation Procurement Agreement*” above, the Group has injected substantial effort and capital to develop the business of Sun Travel. As at the Latest Practicable Date, Sun Travel has built up a working team of 17 employees, led by the technical director, namely, Ms. Mak Chi Na (麥志娜) who has 10 years of experience in the tourism-related service industry in Macau and has established a strong network and connection with potential customers. We were given to understand by the Management that Sun Travel will continue to expand the scale of the existing working team so as to strengthen its sales network and thus enlarge the market share. In this regard, we have studied the market share of travel agencies with larger scale (i.e. with 30 or more employees) in Macau. With reference to the 2015 Travel Agencies Survey, we noted that the average market share of each travel agency (with 30 or more employees) in term of room reservation revenue is approximately 1.36%, which is comparable to the targeted market share of Sun Travel. Having considered the facts that (i) Sun Travel is under the leadership, management and support of the Company; (ii) Mr. Chau, the executive Director and the Chairman of the Company, is engaged in the business of gaming promotion in Macau and has established a strong network and connection in the tourism-related service industry in Macau; (iii) it is the intention of Sun Travel to continue to expand the scale of the existing working team so as to strengthen its sales network and thus enlarge the market share; and (iv) the targeted market share of Sun Travel is comparable to the average market share of each travel agency (with 30 or more employees), we consider that the targeted market share of Sun Travel of 1.38% is fair and reasonable. In view of the above, and upon our review on the calculation, we consider that the expected number of rooms to be procured by Sun Travel from Sun City Gaming Promotion per day was estimated by the Management with reasonable grounds.

LETTER FROM ASTRUM

(iii) the expected Commencement Date

According to the Hotel Accommodation Procurement Agreement, the term of the agreement will commence from the Commencement Date and ending on 31 December 2017. The Management expected that the EGM will be held and convened in March 2017. Should the Hotel Accommodation Procurement Agreement be approved in the EGM, the term of the Hotel Accommodation Procurement Agreement will commence thereafter.

During the course of reviewing the calculation of the Annual Cap, we noted that the Annual Cap was estimated by the Group with an assumption (the “**Assumption**”) that Sun Travel will procure all Hotel Accommodation Products from Sun City Gaming Promotion, rather than directly from the hotels nor indirectly from other travel agencies. We have discussed with the Management about the reasons for applying the Assumption in estimating the Annual Cap. The Management advised us that as at the Latest Practicable Date, Sun Travel had not yet procured any Hotel Accommodation Products from Sun City Gaming Promotion. Accordingly, there is no historical transaction amounts available to the Group for estimating the proportion of the Hotel Accommodation Products to be procured from each of Sun City Gaming Promotion, hotels and/or other travel agencies in Macau. Having considered the above, and together with the facts that (i) Sun City Gaming Promotion is entitled to purchase the Hotel Accommodation Products directly from hotels in Macau at discounted prices from time to time and it is expected that the acquisition costs of the Hotel Accommodation Products by Sun City Gaming Promotion could be in general lower than that offered to Sun Travel directly from the hotels or indirectly from other travel agencies; (ii) relying on good relationship with the hotels, Sun City Gaming Promotion can procure the Hotel Accommodation Products directly from hotels in an efficient way and/or on a priority basis; and (iii) there is no guarantee that hotels and/or other travel agencies in Macau would provide the Hotel Accommodation Products to Sun Travel at a competitive price and on a priority basis, we are of the view that the Assumption was reasonably applied by the Management, and that the application of the Assumption can provide sufficient buffer to the transaction amounts under the Hotel Accommodation Procurement Agreement in view of the lack of the historical transaction amounts.

Furthermore, given the facts that (i) the Annual Cap is merely applied to restrict the transaction amount between Sun Travel and Sun City Gaming Promotion under the Hotel Accommodation Procurement Agreement; and (ii) Sun Travel has compiled the Operation Flow in respect of the procurement of the Hotel Accommodation Products under the Hotel Accommodation Procurement Agreement (as detailed in the paragraph headed “*2. Principal terms of the Hotel Accommodation Procurement Agreement*” above) so as to ensure that Sun Travel would procure the Hotel Accommodation Products with the most favorable terms available to it under a systematic procedure; and (iii) the application of the Assumption in estimating the Annual Cap would not hinder Sun Travel from procuring the Hotel Procurement Products from hotels or other travel agencies in Macau, we consider that the application of the Assumption in estimating the Annual Cap will not harm the interests of the Company and the Shareholders.

LETTER FROM ASTRUM

In view of the foregoing, and upon our review on the calculation of the Annual Cap, we are of the view that the Annual Cap was determined by the Management under reasonable ground and due care, and that the Annual Cap is justifiable, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

However, the Independent Shareholders should note that the proposed Annual Cap relates to future events and does not represent a forecast of transaction amounts to be incurred as a result of the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual transaction amounts of the Continuing Connected Transactions correspond with the proposed Annual Cap as discussed above.

4. Reporting requirements and conditions of the Continuing Connected Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) Each year, the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts of the Company that the Continuing Connected Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) in accordance with the Hotel Accommodation Procurement Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group (if applicable);
 - (iii) were not entered into, in accordance with the Hotel Accommodation Procurement Agreement governing the Continuing Connected Transactions; and
 - (iv) have exceeded the Annual Cap;

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- (c) the Company must allow, and ensure that the relevant counterparties to the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraph (b); and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

Taking into account the aforementioned reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Annual Cap; and (ii) the on-going review by the independent non-executive Directors and auditors of the Company of the Continuing Connected Transactions, we are of the view that there exist appropriate measures to monitor the conduct of the Continuing Connected Transactions and assist to safeguard the interests of the Independent Shareholders.

OPINION

Having taken into account the above principal factors and reasons, we consider that the entering into of the Hotel Accommodation Procurement Agreement is in the ordinary and usual course of business of the Group and the terms of the Hotel Accommodation Procurement Agreement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the relevant resolution(s) at the EGM to approve the entering into of the Hotel Accommodation Procurement Agreement, and the transactions contemplated thereunder (including the proposed Annual Cap).

Yours faithfully,

For and on behalf of

Astrum Capital Management Limited

Hidulf Kwan

Rebecca Mak

Managing Director

Director

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

Ms. Rebecca Mak has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2011 and has participated in and completed various independent financial advisory transactions.

1. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL**(I) The authorised and issued share capital of the Company**

As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>50,000,000,000</u>	Shares of HK\$0.10 each	<u>5,000,000,000.00</u>
<i>Issued and fully paid:</i>		
<u>6,009,258,900</u>	Shares of HK\$0.10 each	<u>600,925,890.00</u>

(II) The outstanding share options

As at the Latest Practicable Date, the Company had outstanding share options carrying rights for the holders thereof to subscribe for an aggregate of 264,346,082 new Shares. Details of which are set out below:

Date of grant	Exercise period	Exercise price (HK\$)	Number of underlying Shares
15 May 2007	15 November 2007 – 14 May 2017	4.13	6,383,319 <i>(Note 1)</i>
10 October 2007	10 April 2008 – 9 October 2017	6.73	444,425 <i>(Note 1)</i>
13 February 2008	13 August 2008 – 12 February 2018	3.82	3,558,149 <i>(Note 1)</i>

Date of grant	Exercise period	Exercise price (HK\$)	Number of underlying Shares
12 December 2013	13 December 2013 – 11 December 2023	0.344	103,960,189 <i>(Note 1)</i>
11 January 2017	11 January 2017 – 10 January 2027	0.202	150,000,000 <i>(Note 2)</i>
Total			264,346,082

Notes:

1. These outstanding share options were granted under the share option scheme adopted on 31 January 2007, which were subsequently terminated on 2 June 2016.
2. These share options were granted under the existing Share Option Scheme.

As at the Latest Practicable Date, the Company also had outstanding convertible bonds (the “**Convertible Bonds**”) issued to the Fame Select Limited, the Controlling Shareholder, with a principal amount of HK\$570,000,000. Upon full conversion of the Convertible Bonds, a total of 2,192,307,692 new Shares will be issued at an initial conversion price of HK\$0.26 per new Share (subject to adjustments). Pursuant to the terms of the Convertible Bonds, no conversion shall be allowed if such conversion will result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the total issued Shares. Details of the principal terms of the Convertible Bonds are set out in the circular of the Company dated 28 October 2016.

Save for the outstanding share options as disclosed above and the Convertible Bonds, the Company had no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

Save for the outstanding share options, no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(I) Directors' and chief executive's interests in Shares, underlying Shares or debentures

As at the Latest Practicable Date, the interests of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (the "Associated Corporations") as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in the Shares

Name of director	Capacity in which Shares are held	Number of Shares held	Number of Underlying Shares held under equity derivatives	Total	Percentage of aggregate interest to total number of Shares in issue %
Mr. Chau	Interest of controlled corporation	4,345,489,489 ¹	2,192,307,692 ²	6,537,797,181	108.80% ⁴
Ms. Yeung So Mui ³	Interest of spouse	4,345,489,489	2,192,307,692	6,537,797,181	108.80% ⁴

Notes:

- This represents interests held by Mr. Chau through Fame Select Limited, which holds 4,345,489,489 Shares. Mr. Chau has 50% interests in Fame Select Limited and is therefore deemed to be interested in 4,345,489,489 Shares.
- This represents the maximum of 2,192,307,692 conversion Shares to be issued upon the full conversion of the Convertible Bonds at the initial conversion price of HK\$0.26 (subject to adjustments). Mr. Chau has 50% interests in Fame Select Limited and is therefore deemed to be interest in 2,192,307,692 underlying Shares.
- This represents interests held by Mr. Cheng Ting Kong through Fame Select Limited, which is interested in 4,345,489,489 Shares and 2,192,307,692 underlying Shares. Mr. Cheng Ting Kong has 50% interests in Fame Select Limited. Ms. Yeung So Mui is the spouse of Mr. Cheng Ting Kong and is therefore deemed to be interest in the Shares.
- The percentage stated represents the percentage of share capital of the Company as stated in the relevant disclosure of interests forms.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its Associated Corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under provisions of the SFO) or the Model Code.

(II) Substantial interests in the share capital of the Company

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Long position in the Shares

Name	Capacity in which Shares were held	Number of Shares held	Number of underlying Shares held under equity derivatives	Total	Percentage of aggregate interest Shares to total number of Shares in issue
Fame Select Limited ¹	Beneficial owner	4,345,489,489	2,192,307,692 ²	6,537,797,181	108.80% ³
Mr. Cheng Ting Kong ¹	Interest of controlled corporation	4,345,489,489	2,192,307,692 ²	6,537,797,181	108.80% ³

Notes:

1. Fame Select Limited is owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. As such, Mr. Chau and Mr. Cheng Ting Kong are deemed to be interested in 4,345,489,489 Shares held by Fame Select Limited.
2. This represents the maximum of 2,192,307,692 conversion Shares upon the full conversion of the Convertible Bonds at the initial conversion price of HK\$0.26 (subject to adjustments).
3. The percentage stated represents the percentage of share capital of the Company as stated in the relevant disclosure of interests forms.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the Shares or underlying Shares of any of its Associated Corporations which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

4. DIRECTORS' INTERESTS IN ASSETS, CONTRACT OR ARRANGEMENT

Sun City Gaming Promotion is one of the parties to the Hotel Accommodation Procurement Agreement. It has also entered into a ferry ticket supply agreement (the “**Ferry Ticket Supply Agreement**”) with Sun Travel on 6 February 2017 in respect of Sun Travel’s sale of tickets of ferry service between Hong Kong and Macau to Sun City Gaming Promotion for its employees (details of which are set out in the Announcement). As Sun City Gaming Promotion is wholly owned by Mr. Chau, the Chairman of the Company and an executive Director, Mr. Chau is also deemed to have a material interest in the Hotel Accommodation Procurement Agreement as well as the Ferry Ticket Supply Agreement. Save for the aforesaid, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

In addition, Mr. Chau, was one of the vendors in relation to the acquisition of Sun Travel by the Group on 31 August 2016. Save and except for that, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire is not determinable by such member of the Group within one year without payment of compensation other than statutory compensation.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

8. EXPERT'S QUALIFICATION AND CONSENT

Set out below is the qualification of the expert who has given its opinion or letter of advice in this circular:

Name	Qualification
Astrum	a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or opinion or report or reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interests in any assets which had been, since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at Room 1201-1202, 12/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (i) the memorandum and articles of association of the Company;
- (ii) the Hotel Accommodation Procurement Agreement;
- (iii) the letter of recommendation from the Independent Board Committee to the Independent Shareholder, the text of which is set out on pages 19 to 20 of this circular;
- (iv) the letter from Astrum, the text of which is set out on pages 21 to 34 of this circular;
- (v) the written consent as referred to under the section headed “Expert’s qualification and consent” in this appendix; and
- (vi) this circular.

NOTICE OF EGM



SUN CENTURY GROUP LIMITED

太陽世紀集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “EGM”) of Sun Century Group Limited (the “**Company**”) to be held at 20/F, OfficePlus @Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong on Friday, 31 March 2017, at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the agreement dated 6 February 2017 (the “**Hotel Accommodation Procurement Agreement**”) entered into between Sun Travel Ltd. (formerly known as Suncity Group Tourism Limited) (“**Sun Travel**”), a wholly-owned subsidiary of the Company and Sun City Gaming Promotion Company Limited (“**Sun City Gaming Promotion**”) in relation to, among others, the procurement by Sun Travel for the provision of hotel accommodation and related services (the “**Hotel Accommodation Products**”) by Sun City Gaming Promotion (a copy of which is marked “A” and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved and the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Hotel Accommodation Procurement Agreement (including the cap thereof) and the transactions contemplated thereunder; and

NOTICE OF EGM

- (b) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/they to be incidental to, ancillary to or in connection with the matters contemplated in the Hotel Accommodation Procurement Agreement and the transactions contemplated thereunder as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect to the Hotel Accommodation Procurement Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

2. **“THAT**

- (a) subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the ordinary shares of HK\$0.10 each in the share capital of the Company (each a “**Share**”) to be issued pursuant to the exercise of options which may be granted under the Scheme Mandate Limit (as defined below) and pursuant to the share option scheme of the Company adopted on 2 June 2016 (the “**Share Option Scheme**”), approval be and is hereby generally and unconditionally granted for refreshing and renewing the Scheme Mandate Limit (as defined below) under the Share Option Scheme provided that (i) the total number of Shares which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10 per cent. of the total number of Shares in issue as at the date of the passing of this resolution (the “**Scheme Mandate Limit**”) (the share options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised share options) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed); and (ii) the total number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) must not in aggregate exceed 30 per cent. of the Shares in issue from time to time; and
- (b) the Directors be and are hereby authorised, at their absolute discretion, to grant options under the Share Option Scheme up to the Scheme Mandate Limit and to exercise all the powers of the Company to allot, issue and deal with the Shares pursuant to the exercise of such options.”

NOTICE OF EGM

SPECIAL RESOLUTION

3. “**THAT** subject to any necessary approval of the Registrar of Companies in the Cayman Islands in relation to the Proposed Change of Company Name (as defined below) being obtained, the English name of the Company be changed from “SUN CENTURY GROUP LIMITED” to “SUNCITY GROUP HOLDINGS LIMITED” and the Chinese name “太陽城集團控股有限公司” be adopted as the dual foreign name of the Company to replace its existing Chinese name “太陽世紀集團有限公司” (the “**Proposed Change of Company Name**”), and any Director be and is hereby authorised to do all such acts, deeds and things and execute all such documents as he/she may consider necessary or expedient to give effect to the Proposed Change of the Company Name and the transactions contemplated thereunder.”

By order of the Board
Sun Century Group Limited
Chau Cheok Wa
Chairman

Hong Kong, 8 March 2017

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 1201-1202, 12/F.
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

NOTICE OF EGM

Notes:

- (i) A Shareholder entitled to attend and vote at the EGM is entitled to appoint another person as proxy to attend and, on a poll, vote in accordance with the articles of association of the Company. A proxy need not be a Shareholder.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined as the person so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

As at the date of this notice, the executive Directors are Mr. Chau Cheok Wa, Ms. Yeung So Mui, Ms. Cheng Mei Ching, and Ms. Yeung So Lai; and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.