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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 Suncity Group Holdings 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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### SUNCITY GROUP HOLDINGS LIMITED

### 太陽城集團控股有限公司

(formerly known as “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)**

### CONTINUING CONNECTED TRANSACTIONS – REVISION OF ANNUAL CAPS; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company



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



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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 14 to 26 of this circular. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 12 to 13 of this circular.

A notice convening the EGM to be held at Room I-II, 3/F, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong at 2:45 p.m. on 23 June 2017 (or immediately after the conclusion of the annual general meeting which is to be held on the same day and at the same place at 2:30 p.m., whichever is earlier) is set out on pages EGM-1 to EGM-2 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.

5 June 2017

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## DEFINITIONS

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*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 15 May 2017 in relation to the Revised HAP Agreement
“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 futures 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 terms of the Revised HAP Agreement and the transactions contemplated thereunder
“Board”	the board of Directors
“Commencement Date”	the date of approval of the Revised HAP Agreement at the EGM to be held and convened
“Company”	Suncity Group Holdings Limited (formerly known as 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
“EGM”	the extraordinary general meeting to be held and convened for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution in respect of the Revised HAP Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“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 Revised HAP Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Chau and his associates
“Initial Term”	the period from the commencement date of the Original HAP Agreement, being 31 March 2017, on which the Original HAP Agreement was approved by the Independent Shareholders at the relevant extraordinary general meeting of the Company, to 31 December 2017
“Latest Practicable Date”	1 June 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
“Mr. Chau”	Mr. Chau Cheok Wa, the Chairman of the Company and an executive Director, and the controlling shareholder of the Company
“New Annual Caps”	the revised annual cap amount of HK\$420 million proposed by the Company for the Initial Term and the additional annual caps of HK\$570 million and HK\$590 million for the years ending 31 December 2018 and 31 December 2019, respectively, under the Revised HAP Agreement
“Original Annual Cap”	the existing annual cap amount of HK\$120,000,000 in relation to the transactions contemplated under the Original HAP Agreement for the Initial Term

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## DEFINITIONS

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“Original HAP Agreement”	the existing hotel accommodation procurement 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
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Revised HAP Agreement”	the conditional supplemental agreement dated 15 May 2017 entered into between Sun Travel and Sun City Gaming Promotion in respect of, among other things, the revision of the Original Annual Cap under the Original HAP Agreement and the provision of additional annual caps for each of the two years ending 31 December 2019
“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
“%”	per cent.

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## LETTER FROM THE BOARD

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### SUNCITY GROUP HOLDINGS LIMITED

### 太陽城集團控股有限公司

(formerly known as “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

Mr. Lo Kai Bong

Mr. Au Chung On John

Mr. Manuel Assis Da Silva

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent non-executive Directors:*

Mr. Tou Kin Chuen

Dr. Wu Kam Fun, Roderick

Mr. Lo Wai Tung, John

*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

5 June 2017

*To the Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS – REVISION OF ANNUAL CAPS

#### INTRODUCTION

Reference is made to the Announcement in relation to the Revised HAP Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide the Shareholders with, among other things, details of the Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps thereof); (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Revised HAP Agreement and the transactions contemplated thereunder; (iii) the letter from Astrum to the Independent Board Committee and the Independent Shareholders in relation to the Revised HAP Agreement and the transactions contemplated thereunder; (iv) the general information of the Group; and (v) the notice of the EGM.

### **THE ORIGINAL HAP AGREEMENT**

On 6 February 2017, Sun Travel, an indirect wholly-owned subsidiary of the Company, entered into the Original HAP Agreement with Sun City Gaming Promotion in respect of the procurement of the Hotel Accommodation Products by Sun Travel from Sun City Gaming Promotion for the period from 31 March 2017 (being the commencement date of the Original HAP Agreement) to 31 December 2017 (i.e. the Initial Term).

#### **The Original Annual Cap**

As disclosed in the circular of the Company dated 8 March 2017, the Original Annual Cap for the Initial Term under the Original HAP Agreement was HK\$120,000,000.

### **THE REVISED HAP AGREEMENT**

On 15 May 2017 (after trading hours of the Stock Exchange), Sun Travel and Sun City Gaming Promotion entered into the Revised HAP Agreement to amend the Original Annual Cap and to provide additional annual caps. Taking into account the development of the business of Sun Travel, the Board proposed to revise the Original Annual Cap of HK\$120,000,000 to HK\$420,000,000 for the Initial Term and to provide additional annual caps for the years ending 31 December 2018 and 31 December 2019, respectively (i.e. the New Annual Caps).

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## LETTER FROM THE BOARD

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### The New Annual Caps

Set out below are the New Annual Caps for the Initial Term and each of the subsequent two years ending 31 December 2019 under the Revised HAP Agreement:

	<b>For the Initial Term</b>	<b>For the year ending 31 December 2018</b>	<b>For the year ending 31 December 2019</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Original Annual Cap	120	N/A	N/A
New Annual Caps	420	570	590

### Basis of the New Annual Caps

The New Annual Caps were determined primarily based on (i) the actual procurement volume of the Hotel Accommodation Products in the total value of approximately HK\$42.8 million for the period from 1 April 2017 to 30 April 2017; (ii) the annualised purchases for the Initial Term based on the actual procurement volume mentioned in (i); (iii) the number of guests who booked five-star hotels through travel agencies in 2016 published by the Statistics and Census Service of the Macau Government; and (iv) an annual growth of 3% on the number of guests who booked five-star hotels through travel agencies as estimated by the management of the Company on a conservative basis having taken into account the compounded annual growth rate of approximately 6.8% from 2011 to 2016 with reference to the statistics published by the Statistics and Census Service of the Macau Government.

Save for the revision of the Original Annual Cap, the provision of additional annual caps for each of the two years ending 31 December 2019 and the extension of the term of the Original HAP Agreement to 31 December 2019, the terms and conditions of the Original HAP Agreement shall remain in full force and effect.

### Conditions precedent of the Revised HAP Agreement

The Revised HAP Agreement is conditional upon the fulfilment of the following conditions:

- (i) the passing by the Independent Shareholders at the EGM to approve the Revised HAP Agreement and the transactions contemplated thereunder including but not limited to the New Annual Caps; and
- (ii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Revised HAP Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect.



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## LETTER FROM THE BOARD

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The consents and approvals including the relevant board resolutions and the Independent Shareholders' approval. As at the Latest Practicable Date, the Board had approved the Revised HAP Agreement and the transactions contemplated thereunder subject to the Independent Shareholders' approval to be obtained at the EGM.

All the conditions to the Revised HAP Agreement are not waivable.

If the conditions precedent set out above have not been satisfied on or before 31 July 2017, or such other date as the parties to the Revised HAP Agreement may agree, the Revised HAP Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof. For the avoidance of doubt, the Original HAP Agreement will continue to be valid and effective in accordance with its existing terms in the event that the conditions set out above would not be fulfilled.

### **Historical amounts**

In accordance with the latest available management accounts of the Group, the aggregate historical transactions under the Original HAP Agreement amounted to approximately HK\$80.9 million for the period from 1 April 2017 up to 31 May 2017, representing approximately 67.5% of the Original Annual Cap for the Initial Term.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE REVISED HAP 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 People's Republic of China, and providing hotel and integrated resort management and consultancy service and travel agency service. As disclosed in the circular of the Company dated 8 March 2017 relating to, among other things, the Original HAP Agreement, it is part of the ordinary and usual course of business of Sun Travel in procuring the Hotel Accommodation Products for its end customers. In view that Sun City Gaming, as a gaming promoter in Macau, is entitled to purchase the Hotel Accommodation Products directly from hotels in Macau at discounted prices, Sun Travel has negotiated with Sun City Gaming Promotion for the procurement of the Hotel Accommodation Products at its acquisition costs and eventually entered into the Original HAP Agreement.

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## LETTER FROM THE BOARD

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The Original Annual Cap has been utilised as to 35.6% for the first month of the Initial Term. Riding on the trend, it is expected that the Original Annual Cap will be exceeded before the expiry of the Initial Term. In order to avoid any undesirable suspension of the procurement of the Hotel Accommodation Products, which is part of the Group's usual and ordinary course of business, due to the exceedance of the Original Annual Cap, the Company considers that there is an imperative need to revise the Original Annual Cap. In addition, taking into account the historical procurement volume for the Hotel Accommodation Products, the Company believes that the Group will continue to procure a substantial volume of the Hotel Accommodation Products from Sun City Gaming Promotion. The Company considers that it would be unduly burdensome and impracticable for, and would add unnecessary administrative cost to, the Company to obtain the Independent Shareholders' approval for the subsequent annual cap on a yearly basis. Therefore, the New Annual Caps for three years in a row (from the commencement date of the Original HAP Agreement) have been proposed and put forward to the Independent Shareholders' approval in compliance with the Listing Rule requirements.

Given (i) the aforesaid merits for the entering into of the Revised HAP Agreement; and (ii) that the New Annual Caps have been determined with reference to the historical transaction amount, the number of guests who booked five-star hotels through travel agencies in 2016 as published by the Statistics and Census Service of the Macau Government, as well as the compounded annual growth rate on the number of guests who booked five-star hotels through travel agencies from 2011 to 2016, the Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that the Revised HAP Agreement and the transactions contemplated thereunder are in the ordinary and usual 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.

### **Internal control measures**

The Company has established various internal control measures to monitor the transactions contemplated under the Revised HAP 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;

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## LETTER FROM THE BOARD

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- (ii) Sun Travel has nominated 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 Revised HAP Agreement and assessing whether the annual cap thereunder is exceeded or Revised HAP 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 Revised HAP 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
- (vi) the independent non-executive Directors will conduct annual reviews with respect to the transactions contemplated under the Revised HAP 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 Company and 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.

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## LETTER FROM THE BOARD

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### 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 of the Company interested in approximately 72.17% 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 Revised HAP Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the largest proposed New Annual Cap is more than 25%, the Revised HAP Agreement and the transactions contemplated thereunder 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 Revised HAP Agreement, Mr. Chau and his associates shall abstain from voting on the ordinary resolution in relation to the Revised HAP Agreement and the transactions contemplated thereunder 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 72.17% of the issued share capital of the Company. Mr. Chau has also abstained from voting in respect of the relevant board resolution relating to the Revised HAP Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge and information, save for Mr. Chau and his associates, no other Shareholders have a material interest in the Revised HAP Agreement and the transactions contemplated thereunder and shall abstain from voting on the ordinary resolution in relation to the Revised HAP Agreement and the transactions contemplated thereunder 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 terms of the Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps). Astrum has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### GENERAL

The EGM will be held and convened for the Independent Shareholders to consider, and, if thought fit, to approve the ordinary resolution in respect of the Revised HAP Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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A notice convening the EGM to be held at Room I-II, 3/F, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong at 2:45 p.m. on 23 June 2017 (or immediately after the conclusion of the annual general meeting which is to be held on the same day and at the same place at 2:30 p.m., whichever is earlier) is set out on pages EGM-1 to EGM-2 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 12 to 13 of this circular which contains its recommendation to the Independent Shareholders in relation to the Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps), and the letter from Astrum set out on pages 14 to 26 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 Revised HAP Agreement are in the ordinary and usual course of business, the Revised HAP Agreement has been entered into on normal commercial terms, the terms thereof (including the New Annual Caps) are fair and reasonable, and the entering into of the Revised HAP 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 Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps).

### 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  
**Suncity Group Holdings Limited**  
**Chau Cheok Wa**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### SUNCITY GROUP HOLDINGS LIMITED

### 太陽城集團控股有限公司

(formerly known as “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)**

5 June 2017

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTIONS – REVISION OF ANNUAL CAPS**

We refer to the circular of the Company dated 5 June 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 Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps). 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 Revised HAP Agreement are in the ordinary and usual course of business of the Group, the Revised HAP Agreement has been entered into on normal commercial terms, the terms thereof (including the New Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Revised HAP Agreement and the transactions contemplated thereunder in the interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps).

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*

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## LETTER FROM ASTRUM

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

5 June 2017

To the Independent Board Committee and  
the Independent Shareholders of  
**Suncity Group Holdings Limited**  
*(formerly known as Sun Century Group Limited)*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS – REVISION OF ANNUAL CAPS**

#### **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 Suncity Group Holdings Limited (the “**Company**”) (formerly known as Sun Century Group Limited) in relation to the entering into of the Revised HAP Agreement. The details of the entering into of the Revised HAP Agreement are disclosed in the announcement of the Company dated 15 May 2017 (the “**Announcement**”) and in the letter from the board (the “**Letter from the Board**”) set out on pages 4 to 11 of the circular of the Company dated 5 June 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 15 May 2017 (after trading hours of the Stock Exchange), Sun Travel, an indirect wholly-owned subsidiary of the Company, and Sun City Gaming Promotion entered into the Revised HAP Agreement to (i) amend the Original Annual Cap of HK\$120,000,000 to HK\$420,000,000 for the Initial Term; and (ii) provide additional annual caps for the years ending 31 December 2018 and 31 December 2019, respectively (i.e. the New Annual Caps).

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 of the Company interested in approximately 72.17% 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 Revised HAP Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.



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## LETTER FROM ASTRUM

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As one of the applicable percentage ratios in respect of the largest proposed New Annual Cap is more than 25%, the Revised HAP Agreement and the transactions contemplated thereunder 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 Revised HAP Agreement, Mr. Chau and his associates shall abstain from voting on the ordinary resolution in relation to the Revised HAP Agreement and the transactions contemplated thereunder 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 72.17% of the issued share capital of the Company. Mr. Chau has also abstained from voting in respect of the relevant board resolution relating to the Revised HAP Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge and information, save for Mr. Chau and his associates, no other Shareholders have a material interest in the Revised HAP Agreement and the transactions contemplated thereunder and shall abstain from voting on the ordinary resolution in relation to the Revised HAP Agreement and the transactions contemplated thereunder to be proposed at the EGM.

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 Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps). 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, except for the independent financial adviser engagement (in relation to the entering into of the Original HAP Agreement, details of which were set out in the circular of the Company dated 8 March 2017), 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 entering into of the Revised HAP Agreement, 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 Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps).

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## LETTER FROM ASTRUM

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### BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Circular, the Original HAP Agreement, the Revised HAP Agreement and the circular of the Company dated 8 March 2017 in relation to the entering into of the Original HAP Agreement (the “**March Circular**”). 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 entering into of the Revised HAP Agreement, 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 Revised HAP 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 Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps). 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.

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## LETTER FROM ASTRUM

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Revised HAP Agreement 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 Revised HAP 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 providing hotel and integrated resort management and consultancy service and travel agency service.

As mentioned in the March Circular, on 6 February 2017, Sun Travel, an indirect wholly-owned subsidiary of the Company, entered into the Original HAP Agreement with Sun City Gaming Promotion in respect of the procurement of the Hotel Accommodation Products for the Initial Term (i.e. from the commencement date of the Original HAP Agreement to 31 December 2017) with the Original Annual Cap of HK\$120,000,000. The Original HAP Agreement and the transactions contemplated thereunder (including the Original Annual Cap) were duly approved by the then independent Shareholders at the extraordinary general meeting of the Company held on 31 March 2017 (the “**March EGM**”). Please refer to the March Circular for further details of the Original HAP Agreement. According to the Letter from the Board, the aggregate historical transactions under the Original HAP Agreement amounted to approximately HK\$42.8 million for the first month of the Initial Term (i.e. from 1 April 2017 to 30 April 2017), representing approximately 35.6% of the Original Annual Cap. Riding on the trend, it is expected by the Management that the Original Annual Cap will be exceeded before the expiry of the Initial Term.

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## LETTER FROM ASTRUM

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We have discussed with the Management regarding the operation of Sun Travel (including the procurement of the Hotel Accommodation Products), and were given to understand that Sun Travel is principally engaged in the provision of travel-related products and services. It is part of the ordinary and usual course of business of Sun Travel in procuring the Hotel Accommodation Products for its end customers. Prior to the entering into of the Original HAP Agreement, Sun Travel had not procured any Hotel Accommodation Products from Sun City Gaming Promotion. Upon obtaining the approval from the then independent Shareholders at the March EGM, the Original HAP Agreement became unconditional and Sun Travel commenced to procure the Hotel Accommodation Products from Sun City Gaming Promotion under the Original HAP Agreement since 31 March 2017. As advised by the Management, Sun City Gaming Promotion serves as the Group's major supplier of the Hotel Accommodation Products (in terms of both the aggregate purchase price and the total number of room nights). For due diligence purpose, we obtained from the Management the transaction figures in relation to the procurement of the Hotel Accommodation Products by Sun Travel for the period commencing from 1 April 2017 to 31 May 2017 (the "**Review Period**"). During the Review Period, Sun Travel purchased, in aggregate, 43,143 nights of hotel room from different sources (including Sun City Gaming Promotion and other travel agents). Among which, over 90% were procured from Sun City Gaming Promotion. Up to 31 May 2017, the aggregate transaction amount under the Original HAP Agreement reached approximately HK\$80.9 million, representing approximately 67.5% of the Original Annual Cap.

Having considered that (i) it is part of the ordinary and usual course of business of Sun Travel in procuring the Hotel Accommodation Products for its end customers; (ii) Sun City Gaming Promotion serves as the Group's major supplier of the Hotel Accommodation Products; (iii) the Original Annual Cap has been utilized as to 67.5% up to 31 May 2017, and it is expected by the Management that the Original Annual Cap will be exceeded before the expiry of the Initial Term; (iv) Sun Travel has to suspend from procuring the Hotel Accommodation Products from Sun City Gaming Promotion once the Original Annual Cap is fully utilized, which would undoubtedly hinder the normal business operation of Sun Travel, we concur with the Management's view that there is an imperative need for the Group to revise the Original Annual Cap, so as to prevent any undesirable suspension of the procurement of the Hotel Accommodation Products under the Original HAP Agreement due to the exceedance of the Original Annual Cap.

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## LETTER FROM ASTRUM

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In addition, the term for the procurement of the Hotel Accommodation Products under the Original HAP Agreement is from the commencement date of the Original HAP Agreement (i.e. 31 March 2017) to 31 December 2017. We have enquired the Management about the business plan of Sun Travel. As advised by the Management, Sun Travel will continue to expand its business with an aim of enhancing its market share. Particularly, Sun Travel is now exploring electronic channels (including but not limited to online platform and mobile apps) to allow customers to purchase the Hotel Accommodation Products through such channels, so as to enlarge the customer base. Taking into account the business plan of Sun Travel as well as the historical procurement volume for the Hotel Accommodation Products, the Management believes that the Group will continue to procure a substantial volume of the Hotel Accommodation Products from Sun City Gaming Promotion. We share the same view with the Management that it would be unduly burdensome and impracticable for, and would add unnecessary administrative cost to, the Company to obtain the Independent Shareholders' approval for the subsequent annual cap on a yearly basis.

In view of the above, and in particular, the facts that (i) it is part of the ordinary and usual course of business of Sun Travel in procuring the Hotel Accommodation Products for its end customers; (ii) the Original Annual Cap has been utilized as to 67.5% up to 31 May 2017, and it is expected by the Management that the Original Annual Cap will be exceeded before the expiry of the Initial Term; (iii) Sun Travel has to suspend to procure the Hotel Accommodation Products from Sun City Gaming Promotion once the Original Annual Cap is fully utilized, which would undoubtedly hinder the normal business operation of Sun Travel; (iv) it would be unduly burdensome and impracticable for, and would add unnecessary administrative cost to, the Company to obtain the Independent Shareholders' approval for the subsequent annual cap on a yearly basis; and (v) the terms of the Revised HAP Agreement (including the New Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned (please refer to our analysis as detailed in the paragraphs headed "2. *Principal terms of the Revised HAP Agreement*" and "3. *The New Annual Caps*" below), we concur with the Directors' view that the entering into of the Revised HAP Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM ASTRUM

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### 2. Principal terms of the Revised HAP Agreement

According to the Letter from the Board, on 15 May 2017 (after trading hours of the Stock Exchange), Sun Travel and Sun City Gaming Promotion entered into the Revised HAP Agreement to (i) amend the Original Annual Cap of HK\$120,000,000 to HK\$420,000,000 for the Initial Term; and (ii) provide additional annual caps for the years ending 31 December 2018 and 31 December 2019, respectively (i.e. the New Annual Caps). Save for the revision of the Original Annual Cap, the provision of additional annual caps for each of the two years ending 31 December 2019 and the extension of the term of the Original HAP Agreement to 31 December 2019, the terms and conditions of the Original HAP Agreement shall remain in full force and effect.

Pursuant to the Original HAP 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. We understood from the Management that Sun Travel has compiled an operation flow in respect of the procurement of the Hotel Accommodation Products under the Original HAP Agreement (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 to the availability, price and credit terms). Staff of 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.

As confirmed by Sun City Gaming Promotion, save for Sun Travel, Sun City Gaming Promotion did not sell any Hotel Accommodation Products to its independent third parties during the period commencing from 1 April 2017 to the Latest Practicable Date. For due diligence purpose, we have obtained from the Management, and reviewed, 3 sample walk-through documents (the “**Walk-through Documents**”) provided by the Group in respect of the procurement of the Hotel Accommodation Products by Sun Travel from each of (i) Sun City Gaming Promotion; and (ii) other travel agencies during the Review Period. Based on our sample review on the Walk-through Documents, we noted that (i) the transactions contemplated under the Original HAP Agreement were carried out in accordance with the Operation Flow; and (ii) Sun Travel would procure the Hotel Accommodation Products from Sun City Gaming Promotion only when the terms offered by Sun City Gaming Promotion (including but not limited to the availability and price) are more favorable to Sun Travel than those offered by hotel and/or other travel agent. We consider that the pricing policy and mechanism in respect of the procurement of the Hotel Accommodation Products has been well in place, and the interests of the Company and the Shareholders are properly safeguarded.

In view of the above, coupled with our analysis on the New Annual Caps as detailed in the paragraph headed “3. *The New Annual Caps*” below, we are of the opinion that the terms of the Revised HAP Agreement are on normal commercial terms and are fair and reasonable.

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## LETTER FROM ASTRUM

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### 3. The New Annual Caps

Set out below are (i) the Original Annual Cap for the Initial Term; and (ii) the New Annual Caps for the Initial Term and for the two years ending 31 December 2019 under the Revised HAP Agreement:

	<b>For the Initial Term</b>	<b>For the year ending 31 December 2018</b>	<b>For the year ending 31 December 2019</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
<b>Original Annual Cap</b>	120	N/A	N/A
<b>New Annual Caps</b>	420	570	590

With reference to the Letter from the Board, the New Annual Caps were determined primarily based on (i) the actual procurement volume of the Hotel Accommodation Products in the total value of approximately HK\$42.8 million for the period from 1 April 2017 to 30 April 2017 (the “**April 2017 Procurement Volume**”); (ii) the annualized purchases for the Initial Term based on the actual procurement volume mentioned in (i); (iii) the number of guests who booked five-star hotels in Macau through travel agencies in 2016 published by the Statistics and Census Service of the Macau Government; and (iv) an annual growth of 3% on the number of guests who booked five-star hotels through travel agencies as estimated by the management of the Company on a conservative basis having taken into account the compounded annual growth rate of approximately 6.8% from 2011 to 2016 with reference to the statistics published by the Statistics and Census Service of the Macau Government.

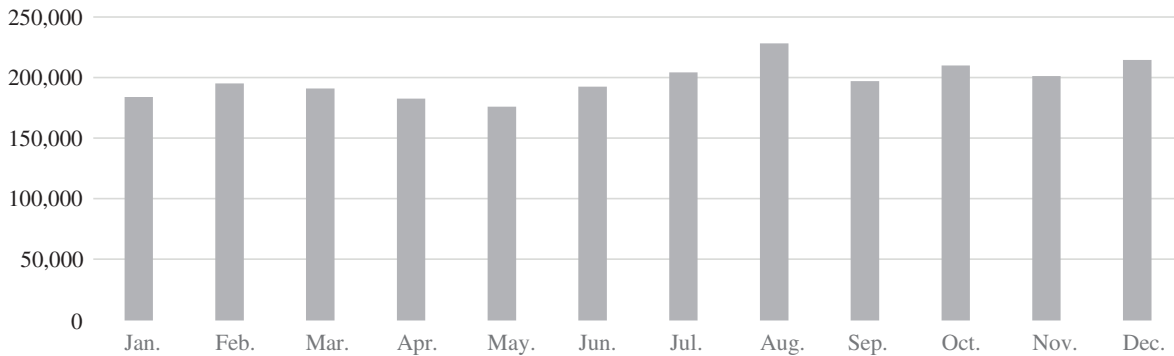
In order to assess the fairness and reasonableness of the New Annual Caps, we have discussed with the Management in relation to the estimation of the New Annual Cap for the Initial Term (the “**2017 Annual Cap**”) and were given to understand that in determining the 2017 Annual Cap, the Management did not simply annualize purchases for the Initial Term based on the April 2017 Procurement Volume of approximately HK\$42.8 million, but also took into account the seasonality factor (which was, in turn, calculated based on the number of guests who booked five-star hotels in Macau through travel agencies in 2016). The annualized purchase volume for the Initial Term based on the April 2017 Procurement Volume amounts to approximately HK\$384.9 million (i.e. approximately HK\$42.8 million x 9 months). As advised by the Management, seasonality is recognized as one of the most typical feature of the tourism industry (including the hotel room reservation market). Generally speaking, more tourists will visit Macau during summer period and festival season and therefore, the demand for hotel rooms is usually higher during such periods. Set forth below is the number of guests who booked five-star hotels in Macau through travel agencies in 2016:

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## LETTER FROM ASTRUM

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**Chart 1: Number of guests who booked five-star hotels  
in Macau through travel agencies in 2016**



*Source: the Statistics and Census Service of the Macau Government*

As illustrated in Chart 1 above, the number of guests who booked five-star hotels in Macau through travel agencies in 2016 is particularly higher during July and August (i.e. summer period) and from October to December (which is regarded as a traditional peak season), demonstrating the seasonality feature of the hotel room reservation market in Macau. In this regard, we concur with the Management's view that it is reasonable and necessary to take into account the seasonality factor when determining the 2017 Annual Cap.



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## LETTER FROM ASTRUM

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In order to reflect the seasonality factor, the Management estimated the purchase amount of each month in 2017 (other than April 2017) by applying a weight to the April 2017 Procurement Volume. The weight for each month in 2017 was determined with reference to the number of guests who booked five-star hotels in Macau through travel agencies in 2016. Details of which are set forth below:

	<b>Number of guests who booked five- star hotels in Macau through travel agencies in each month of 2016</b>	<b>Weight (C) = B/A</b>	<b>Estimated purchase amount in each month based on the April 2017 Procurement Volume (D) = C x approximately HK\$42.8 million (HK\$ million)</b>
January	184,595 (B)	1.00750	43.1
February	195,804 (B)	1.06868	45.7
March	191,479 (B)	1.04508	44.7
April	183,220 (A)	1.00000	42.8
		<i>(Note 1)</i>	
May	176,492 (B)	0.96328	41.2
June	193,043 (B)	1.05361	45.1
July	204,859 (B)	1.11810	47.8
August	228,829 (B)	1.24893	53.4
September	197,656 (B)	1.07879	46.1
October	210,539 (B)	1.14910	49.1
November	201,887 (B)	1.10188	47.1
December	215,202 (B)	1.17456	50.2
	Estimated purchase amount for the Initial Term		422.9 <i>(Note 2)</i>
	Estimated total purchase amount in 2017		556.4 <i>(Note 2)</i>
	<b>(“Estimated 2017 Total Purchase”)</b>		

*Notes:*

1. *Figure for April 2016 was set as the base unit (i.e. 1.00000) to calculate the weight for each month.*
2. *Any discrepancies in the table above between totals and sums of amounts set out in it are due to rounding.*

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## LETTER FROM ASTRUM

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Upon our review on the calculation of the 2017 Annual Cap, we are of the view that the 2017 Annual Cap was determined by the Management under reasonable ground and due care, and that the 2017 Annual Cap is justifiable, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

In addition, we have discussed with the Management about the determination of the New Annual Caps for the years ending 31 December 2018 and 31 December 2019 (the “**2018 Annual Cap**” and the “**2019 Annual Cap**”, respectively). We were given to understand that in determining the 2018 Annual Cap and 2019 Annual Cap, the Management applied an estimated annual growth rate of 3% (the “**Estimated Growth Rate**”) to the Estimated 2017 Total Purchase to come up with the 2018 Annual Cap and the 2019 Annual Cap. We have enquired the Management about the basis of determination of the Estimated Growth Rate, and were given to understand that they have taken into consideration the compound annual growth rate of approximately 6.8% from 2011 to 2016 (the “**2011-2016 CAGR**”) on the number of guests who booked five-star hotels through travel agencies with reference to the statistics published by the Statistics and Census Service of the Macau Government. However, given that Sun Travel has just tapped into the hotel room reservation market in Macau and is still under the development stage, the Management considers that it is prudent to take a relatively conservative estimation on the growth rate and subsequently, set the Estimated Growth Rate as approximately a half of the 2011-2016 CAGR (i.e. 3%). In assessing the fairness and reasonableness of the Estimated Growth Rate, we have conducted research on the growth of the hotel room reservation market in Macau. According to the statistics published by the Statistics and Census Service of the Macau Government, the number of guests who booked five-star hotels in Macau through travel agencies increased from approximately 1.7 million in 2011 to approximately 2.4 million in 2016, representing a compound annual growth rate of approximately 6.8%. Having considered the facts that (i) the Estimated Growth Rate is adopted by the Management to capture the future business expansion in the next two years ending 31 December 2019; (ii) the Estimated Growth Rate was estimated by the Management under due and careful consideration and on a conservative basis; and (iii) the Estimated Growth Rate is much lower than the 2011-2016 CAGR, we consider that the adoption of the Estimated Growth Rate of 3% is reasonable.

Upon our review on the calculation of both the 2018 Annual Cap and the 2019 Annual Cap, we are of the view that the 2018 Annual Cap and the 2019 Annual Cap were determined by the Management under reasonable ground and due care, and that the 2018 Annual Cap and the 2019 Annual Cap are justifiable, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

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## LETTER FROM ASTRUM

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However, the Independent Shareholders should note that the proposed New Annual Caps relate to future events and does not represent a forecast of transaction amounts to be incurred as a result of the transactions (the “**Continuing Connected Transactions**”) contemplated under the Original HAP Agreement (as supplemented by the Revised HAP Agreement). Consequently, we express no opinion as to how closely the actual transaction amounts of the Continuing Connected Transactions correspond with the proposed New Annual Caps 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 Original HAP Agreement (as supplemented by the Revised HAP Agreement) governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditor 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 Original HAP Agreement (as supplemented by the Revised HAP Agreement) governing the Continuing Connected Transactions; and
  - (iv) have exceeded the New Annual Caps;
- (c) the Company must allow, and ensure that the relevant counterparties to the Continuing Connected Transactions allow, the Company’s auditor sufficient access to its records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraph (b); and

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## LETTER FROM ASTRUM

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- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditor 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 New Annual Caps; and (ii) the on-going review by the independent non-executive Directors and auditor 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.

Having considered the facts that (i) the transactions contemplated under the Original HAP Agreement were carried out in accordance with the Operation Flow based on our sample review on the Walk-through Documents (details of which are set out in the paragraph headed “2. *Principal terms of the Revised HAP Agreement*” above); (ii) the Company Secretary has kept, and will continue to keep, monitoring the aggregate amount of the Continuing Connected Transactions on a regular basis; and (iii) the on-going review on the Continuing Connected Transactions will be conducted by the independent non-executive Directors and auditor of the Company in accordance with the Listing Rules, we are of the view that the internal control measures implemented by the Company have put in place effectively to monitor the Continuing Connected Transactions.

### OPINION

Having taken into account the above principal factors and reasons, we consider that the entering into of the Revised HAP Agreement is in the ordinary and usual course of business of the Group and the terms of the Revised HAP 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 Revised HAP Agreement and the transactions contemplated thereunder (including the New Annual Caps).

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 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. 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 <sup>1</sup>	2,192,307,692 <sup>2</sup>	6,537,797,181	108.59% <sup>1</sup>
Ms. Yeung So Mui <sup>3</sup>	Interest of spouse	4,345,489,489	2,192,307,692 <sup>2</sup>	6,537,797,181	108.59% <sup>4</sup>
Mr. Au Chung On John	Interest of spouse	400,000	–	400,000	0.01%
Mr. Manuel Assis Da Silva	Beneficial owner	290,000	–	290,000	0.01%
Mr. Manuel Assis Da Silva	Interest of spouse	520,000	–	520,000	0.01%

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.

2. This represents the maximum of 2,192,307,692 conversion Shares to be issued upon the full conversion of the convertible bonds issued by the Company to Fame Select Limited 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 interested in the 2,192,307,692 underlying Shares.
3. 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 interested in such Shares.
4. 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 <sup>1</sup>	Beneficial owner	4,345,489,489	2,192,307,692 <sup>2</sup>	6,537,797,181	108.59% <sup>3</sup>
Mr. Cheng Ting Kong <sup>1</sup>	Interest of controlled corporation	4,345,489,489	2,192,307,692 <sup>2</sup>	6,537,797,181	108.59% <sup>3</sup>

*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 previously issued by the Company to Fame Select Limited 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.

### 3. DIRECTORS' INTERESTS IN ASSETS, CONTRACT OR ARRANGEMENT

Sun City Gaming Promotion is one of the parties to the Revised HAP Agreement. It has also entered into the Original HAP Agreement and 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 of the Company dated 6 February 2017). 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 Original HAP Agreement and the Revised HAP 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.

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 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

**4. 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 or is not determinable by such member of the Group within one year without payment of compensation other than statutory compensation.

**5. 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 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. 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.

**7. 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:

<b>Name</b>	<b>Qualification</b>
Astrum	a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in futures 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 2016 (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.

## **8. MISCELLANEOUS**

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

## **9. 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 Original HAP Agreement;
- (iii) the Revised HAP Agreement;
- (iv) the letter of recommendation from the Independent Board Committee to the Independent Shareholder, the text of which is set out on pages 12 to 13 of this circular;
- (v) the letter from Astrum, the text of which is set out on pages 14 to 26 of this circular;
- (vi) the written consent as referred to under the section headed “Expert’s qualification and consent” in this appendix; and
- (vii) this circular.

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## NOTICE OF EGM

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### SUNCITY GROUP HOLDINGS LIMITED

### 太陽城集團控股有限公司

(formerly known as “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 IS HEREBY GIVEN THAT** the extraordinary general meeting (the “**EGM**”) of Suncity Group Holdings Limited (the “**Company**”) to be held at Room I-II, 3/F, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on 23 June 2017, at 2:45 p.m. (or immediately after the conclusion of the annual general meeting which is to be held on the same day and at the same place at 2:30 p.m., whichever is earlier) for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as resolution of the Company:

#### **ORDINARY RESOLUTION**

“**THAT**

- (a) the conditional supplemental agreement dated 15 May 2017 (the “**Revised HAP 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**”) (a copy of which is marked “A” and produced to the EGM and signed by the chairman of the EGM for identification purpose) in relation to, among others, the revision of the original annual cap under the original master supply agreement dated 6 February 2017 entered into between Sun Travel and Sun City Gaming Promotion (the “**Original HAP Agreement**”) in respect of, among others, procurement by Sun Travel for the provision of hotel accommodation and related services (the “**Hotel Accommodation Products**”) by Sun City Gaming Promotion and the provision of additional annual caps for each of the two years ending 31 December 2019 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 Revised HAP Agreement (including the annual caps thereof) and the transactions contemplated thereunder; and

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## NOTICE OF EGM

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- (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/them to be incidental to, ancillary to or in connection with the matters contemplated in the Revised HAP 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 Revised HAP 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.”

By order of the Board  
**Suncity Group Holdings Limited**  
**Chau Cheok Wa**  
*Chairman*

Hong Kong, 5 June 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  
Sun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

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