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SUNCITY GROUP HOLDINGS LIMITED

太陽城集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN AND SHAREHOLDER'S LOAN OWED BY STAR ADMIRAL LIMITED INVOLVING ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board is pleased to announce that, after trading hours of the Stock Exchange on 27 July 2017, the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Guarantor entered into the Acquisition Agreement, pursuant to which, among other things, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, (i) the Sale Shares, which represent the entire equity interest of the Target; and (ii) the Sale Loan, which represents the shareholder's loan owed by the Target, at the aggregate Consideration of HK\$600 million, which shall be satisfied by the issue of the Promissory Note and Convertible Bonds by the Company in the principal amount of HK\$303 million and HK\$297 million, respectively, to the Vendor (or as it may direct in writing) at Completion. The Target indirectly owns approximately 34% effective interest in the ProjectCo, and the ProjectCo is currently developing an integrated resort project located in Hoi An, Vietnam consisting of a casino, hotels, residential areas, and a golf course.

Completion is subject to fulfilment or waiver (as the case may be) of certain conditions precedent as set out in the paragraph headed “Conditions precedent” under the section headed “The Acquisition Agreement” in this announcement.

Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company whereas GYE, Singapore HoldCo, Hoi An South Development (HK) Limited, Yield Gold Enterprises (Macao) Limited and ProjectCo will become joint ventures of the Group. Accordingly, the financial results of the Target will be consolidated into, and the financial results of GYE, Singapore HoldCo, Hoi An South Development (HK) Limited, Yield Gold Enterprises (Macao) Limited and ProjectCo will be accounted for using equity method in, the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

The Vendor is wholly owned by Mr. Chau, an executive Director and the Chairman of the Company. Fame Select, a company which is owned as to 50% by Mr. Chau, is interested in approximately 72.17% of the issued share capital of the Company as at the date of this announcement and is therefore the controlling shareholder of the Company. Accordingly, the Vendor is regarded as a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Acquisition Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to reporting, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the announcement of the Company dated 22 June 2017, Mr. Chau agreed to procure the Vendor to pay Mr. Lo, an executive Director, a certain percentage of the realised profit of the Vendor upon realisation or disposal of its interests in the Project subject to a maximum amount of HK\$120 million as consideration for Mr. Lo’s advisory and consultancy service to Mr. Chau in respect of the Project. By virtue of interests of Mr. Chau and Mr. Lo in the Acquisition Agreement, Mr. Chau, Mr. Lo and their respective associates shall abstain from voting on the ordinary resolution in relation to the Acquisition Agreement and the transactions contemplated thereunder to be proposed at the EGM. As at the date of this announcement, Mr. Chau and his associates are interested in 4,345,489,489 Shares, representing approximately 72.17% of the issued share capital of the Company, and Mr. Lo is not interested in any Shares. Save for the aforesaid, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the EGM in respect of the Acquisition Agreement and the transactions contemplated thereunder. By virtue of interests of Mr. Chau and Mr. Lo in the Acquisition Agreement, they had abstained from voting in respect of the relevant board resolution relating to the Acquisition Agreement and the transactions contemplated thereunder. Save for the aforesaid, no other Directors have a material interest in the Acquisition Agreement and were required to abstain from voting on the Board resolution approving the Acquisition Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise and provide recommendation to the Independent Shareholders on the voting in respect of the transactions contemplated under the Acquisition Agreement. In this connection, the Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the entering into the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on the voting in respect of the transactions contemplated under the Acquisition Agreement.

The EGM will be held and convened for considering, and if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) further information of the Group and the Target Group, as well as the Project; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition Agreement and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition Agreement and the transactions contemplated thereunder; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 25 August 2017, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

Completion is conditional upon the fulfillment or waiver (as the case may be) of the conditions precedent as set out in the paragraph headed “Conditions precedent” under the section headed “The Acquisition Agreement” in this announcement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

The Company confirms that, based on Vietnam legal advice obtained by the Company, the Project is lawful in Vietnam. The Company has also been advised that the Project and the transactions contemplated thereunder conducted in Vietnam do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong). Shareholders and potential investors of the Company should note that, pursuant to Guidance Letter HKEx- GL71-14 issued by the Stock Exchange, the Stock Exchange may direct the Company to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the Company’s securities pursuant to Rule 6.01 of the Listing Rules if the operation of the proposed Project fails to comply with applicable laws in Vietnam and/or contravenes the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

INTRODUCTION

Reference is made to the announcement of the Company dated 22 June 2017 in relation to, among other things, the entering into of the memorandum of understanding between the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor in relation to the possible acquisition of the entire equity interest in and shareholder's loan owed by the Target.

The Board is pleased to announce that, after trading hours of the Stock Exchange on 27 July 2017, the Purchaser, the Vendor and the Guarantor entered into the Acquisition Agreement, pursuant to which, among other things, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, (i) the Sale Shares, which represents the entire equity interest of the Target; and (ii) the Sale Loan, which represents the shareholder's loan owed by the Target, at the aggregate Consideration of HK\$600 million, which shall be satisfied by the issue of Promissory Note and Convertible Bonds by the Company in the principal amount of HK\$303 million and HK\$297 million, respectively, to the Vendor (or as it may direct in writing) at Completion. Principal terms of the Acquisition Agreement are set out below.

THE ACQUISITION AGREEMENT

Date

27 July 2017

Parties

Purchaser: Goal Summit Limited, a direct wholly-owned subsidiary of the Company;

Vendor: Suncity International Holdings Limited; and

Guarantor: Mr. Chau who guarantees the performance of the Vendor's obligations under the Acquisition Agreement.

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

The Vendor is wholly owned by the Mr. Chau, an executive Director and the Chairman of the Company. Fame Select is the controlling shareholder of the Company and is owned as to 50% by Mr. Chau. The Vendor is therefore regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

Subject matter

Pursuant to the Acquisition Agreement, the assets to be acquired by the Purchaser are (i) the Sale Shares, being the entire equity interest of the Target; and (ii) the Sale Loan, being all obligations, liabilities and debts owing or incurred by the Target to the Vendor and its associates on or at anytime prior to the Completion Date. As at the date of this announcement, the Sale Loan amounts to approximately HK\$303,498,000.

The Target is an investment holding company and its principal asset is the 50% equity interest in GYE, which in turn owns approximately 68% interest in ProjectCo. The principal asset of the ProjectCo is the Project and the Target indirectly owns approximately 34% effective interest in the ProjectCo.

As at the date of this announcement, the Project is at development stage. Based on the Investment Registration Certificate dated 2 August 2016, the investment commitment for phase 1 development of the Project to be taken up by the Group by virtue of its 34% interest in the Project upon Completion is approximately US\$26.22 million (equivalent to approximately HK\$204.7 million). Details of the Target Group and the Project are set in the paragraphs headed “Information on the Target Group” and “Information on the Project” below.

Undertaking by the Vendor

The Vendor irrevocably undertakes that in the event that the Purchaser and/or the Target cannot obtain financing from financial or credit institutions for investment commitment of the Target in the phase 1 development, it will provide such financial assistance of up to the investment commitment of approximately US\$26.22 million (equivalent to approximately HK\$204.7 million) to the Target for the sole purpose of settling the said investment commitment, on normal commercial terms and not secured by any assets of the Group.

Consideration

The aggregate Consideration for the Sale Shares and the Sale Loan amounts to HK\$600 million, which shall be payable by the Purchaser as follows:

- (i) as to HK\$303 million shall be payable by the Purchaser by procuring the Company to issue the Promissory Note in the principal amount of HK\$303 million to the Vendor (or as it may direct in writing) upon Completion; and
- (ii) as to HK\$297 million shall be payable by the Purchaser by procuring the Company to issue the Convertible Bonds in the principal amount of HK\$297 million to the Vendor (or as it may direct in writing) upon Completion.

As disclosed in the announcement of the Company dated 22 June 2017, Mr. Chau agreed to procure the Vendor to pay Mr. Lo, an executive Director, a certain percentage of the realised profit of the Vendor upon realisation or disposal of its interests in the Project subject to a maximum amount of HK\$120 million. The Vendor confirmed that it will direct the Company to issue the Convertible Bonds in the aggregate principal amount of HK\$120 million to Mr. Lo.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the valuation of the entire equity interest of the ProjectCo as at 30 June 2017 of approximately US\$303,052,000 (approximately HK\$2,365,988,000) prepared by Grant Sherman Appraisal Limited, an independent professional valuer appointed by the Company; and (ii) the investment commitment for the phase 1 development of the Project to be taken up by the Group of approximately US\$26,215,000 (approximately HK\$204,666,000). Details in respect of the investment commitment of the Target and the valuation of the ProjectCo are set out in the sections headed "Information on the Project" and "Valuation" below.

The Convertible Bonds

The principal terms of the Convertible Bonds are summarised as follows:

Issuer	:	the Company
Principal amount	:	an aggregate principal amount of HK\$297,000,000
Denomination	:	the Convertible Bonds shall be issued in authorised denomination of HK\$3,000,000 each and integral multiples thereof
Interest rate	:	the Convertible Bonds shall not bear any interest
Maturity date	:	the date falling two (2) years from the date of issue of the Convertible Bonds or if such date is not a Business Day, the next Business Day (the " Maturity Date ")
Redemption	:	any amount of the Convertible Bonds which remains outstanding on the Maturity Date shall be redeemed at its then outstanding principal amount

the Company may at any time before the Maturity Date by serving at least ten (10) days' prior written notice on the holder(s) of the Convertible Bonds with the total amount proposed to be redeemed from the holder(s) of the Convertible Bonds specified therein, redeem the Convertible Bonds (in whole or in part (in authorised denominations)) at 100% of the principal amount of such Convertible Bonds

any amount of the Convertible Bonds which is redeemed or converted will forthwith be cancelled

Certificate in respect of the Convertible Bonds cancelled will be forwarded to or to the order of the Company and such Convertible Bonds may not be reissued or resold

- Conversion period : provided that any conversion of the Convertible Bonds does not result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company, the holder(s) of the Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions of the Convertible Bonds, have the right at any time during the period commencing from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date to convert the whole or part (in authorised denominations) of the outstanding principal amount of Convertible Bonds registered in its name into Shares at the Conversion Price
- Conversion Price : the initial Conversion Price is HK\$0.90 per Conversion Share (subject to adjustments)
- Adjustments to the Conversion Price : the initial Conversion Price is subject to customary anti-dilution adjustment(s) contained in the terms of the Convertible Bonds upon the occurrence of any of the following events:
- (i) consolidation or subdivision of Shares; (ii) issue of Shares by way of capitalisation of profits or reserves other than an issue of Shares paid up out of profits or reserves and issued in lieu of the whole or part of a specifically declared cash dividend; (iii) distributions in cash or specie; (iv) rights issues or grant of options or warrants to subscribe for new Shares at a price which is less than 90% of the market price (being the average of the closing prices of one Share on the Stock Exchange for each of the last five Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained) (the “market price”) on the date of the announcement of the terms of the offer or grant; (v) issue wholly for cash any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares at an initial total effective consideration per Share of less than 90% of the market price of the Shares on the date of the announcement of the terms of such securities; (vi) issue wholly for cash any Shares at an effective price per Share which is less than 90% of the market price of the Shares; (vii) issue Shares for the acquisition of asset at an effective consideration per Share which is less than 90% of the market price of the Shares at the date of announcement of the terms of such issue; or (viii) issue of Shares as scrip dividend, which would not have constituting equity share capital of the Company

Ranking of the Conversion Shares : the Conversion Shares issued upon conversion of the Convertible Bonds will in all respects rank *pari passu* with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall be entitled to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date

Voting : the holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any meeting of the Company by reason only it/them being the holder(s) of the Convertible Bonds

Transferability : the holder(s) of the Convertible Bonds may freely assign or transfer the Convertible Bonds to the transferee (who is not a restricted holder) subject to not less than five (5) Business Days' prior notification to the Company. The Convertible Bonds may not be assigned or transferred, in whole or in part, to any connected person of the Company, save for (i) Mr. Chau and his associates and (ii) Mr. Lo and his associates, without prior written consent of the Company. The Convertible Bonds may be assigned or transferred in whole or in part (in authorised denominations) of its outstanding principal amount and the Company shall facilitate any such assignment or transfer of the Convertible Bonds, including making any necessary applications to the Stock Exchange for the said approval (if required)

notwithstanding the above, the holder(s) of the Convertible Bonds shall be permitted at any time to transfer the Convertible Bonds to a transferee who is a wholly-owned subsidiary of such holder(s) of the Convertible Bonds or a holding company of such holder(s) of the Convertible Bonds who owns the entire issued share capital of such holder(s) of the Convertible Bonds provided that the Convertible Bonds will be re-transferred to such holder(s) of the Convertible Bonds immediately upon the transferee ceasing to be a wholly-owned subsidiary of such holder(s) of the Convertible Bonds or a holding company of the holder(s) of the Convertible Bonds who owns the entire issued share capital of such holder(s) of the Convertible Bonds

Listing : no application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchange

application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares

Events of default : if any of the events of default set out in the terms and conditions of the Convertible Bonds occurs, the Company shall within ten (10) days of such event occurring give notice to the holder(s) of the Convertible Bonds

within ten (10) days after the Company despatches the notice, the holder(s) of the Convertible Bonds may give notice to the Company that the Convertible Bonds are immediately due and payable, whereupon they shall become immediately due and payable

Comparison of initial Conversion Price:

The initial Conversion Price was determined with reference to the average of the closing prices of HK\$0.784 per Share for the last five consecutive trading days up to 22 June 2017, being the date of the memorandum of understanding entered into between the Vendor and the Purchaser regarding the Acquisition. The initial Conversion Price of HK\$0.90 per Conversion Share represents:

- (i) a premium of approximately 57.9% over the closing price of HK\$0.570 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 57.9% over the average closing price of HK\$0.570 per Share as quoted on the Stock Exchange of the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 58.2% over the average closing price of HK\$0.569 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) approximately 12.32 times of the net asset value per Share attributable to the Shareholders as at 31 December 2016 of approximately RMB0.0654 (equivalent to approximately HK\$0.0731 calculated based on the net asset value attributable to the Shareholders of approximately RMB393,175,000 (equivalent to approximately HK\$439,176,000) as at 31 December 2016, and the total number of Shares in issue as at 31 December 2016.

Conversion Shares

Based on the initial Conversion Price of HK\$0.90 per Conversion Share, the Convertible Bonds are convertible into a maximum of 330,000,000 Conversion Shares, which represent (i) approximately 5.5% of the existing issued share capital of the Company; and (ii) approximately 5.2% of the issued share capital of the Company as enlarged by allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds. The Conversion Shares will be allotted and issued under a specific mandate of the Company to be sought at the EGM.

The Promissory Note

The principal terms of the Promissory Note which will be issued upon Completion are as follows:

- Issuer : the Company
- Principal amount : HK\$303,000,000
- Maturity date : the date falling on the second anniversary of the issue date of the Promissory Note (the “**PN Maturity Date**”)
- Interest rate : the Promissory Note shall carry interest at the rate of 2% per annum, calculated on a 365-day year basis on the outstanding principal amount, payable annually in arrears with the first interest payment to be made on first anniversary of the issue date of the Promissory Note and thereafter up to the PN Maturity Date
- Security : the Promissory Note is not secured
- Transferability : provided that the holder of the Promissory Note has given to the Issuer of not less than five Business Days’ prior notice in writing of its intention to transfer or assign the Promissory Note, the Promissory Note is freely transferable and assignable in whole to any person other than a connected person of the Company
- Early redemption : the Company may in his sole discretion, with not less than (10) ten Business Days’ prior written notice, elect to repay all or any part of the amount outstanding under the Promissory Note (which shall not be less than HK\$3,000,000) together with interest accrued thereon at any time prior to the PN Maturity Date

Conditions precedent

Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Purchaser being reasonably satisfied with the results of the due diligence review on the assets, liabilities, operations and affairs of the Target Group which shall be conducted by the Purchaser's agents and advisers;
- (ii) the Purchaser having received from a firm of professional valuers chosen by the Purchaser a valuation report on the ProjectCo in such form and substance to the satisfaction of the Purchaser showing the value of the ProjectCo to be not less than US\$303 million (equivalent to approximately HK\$2,365.6 million);
- (iii) the Purchaser having received from a Vietnam law firm a legal opinion in such form and substance to the satisfaction of the Purchaser regarding the legality and validity of the Acquisition Agreement and the transactions contemplated thereunder and the Project (including the investment certificate granted by the Vietnam authority to ProjectCo in respect of the Project) and at the discretion of the Purchaser, the Purchaser having received from a Singapore law firm a legal opinion in such form and substance to the satisfaction of the Purchaser regarding the legality and validity of the Singapore Holdco;
- (iv) all necessary consents and approvals required to be obtained on the part of the Purchaser, the Vendor and the Target in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (v) the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at a general meeting of the Company to be convened and held of the necessary ordinary resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Promissory Note and the Convertible Bonds and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds), and all other consents and acts required to be obtained by the Purchaser under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (vi) the Listing Committee having approved the listing of, and permission to deal in, the Conversion Shares;
- (vii) the representations, warranties and undertakings provided by the Vendor under the Acquisition Agreement remaining true, complete and accurate in all material respects;

- (viii) the Purchaser being reasonably satisfied that there has not been any material adverse change on the financial position, business or property, results of operations in respect of the Target, GYE, the Singapore HoldCo, the ProjectCo and/or their subsidiaries since the date of the Acquisition Agreement; and
- (ix) the ProjectCo having obtained title of portion of the land of not less than 163 hectares in respect of phase 1 development of the Project in such manner to the reasonable satisfaction of the Purchaser.

The Purchaser may at any time at its absolute and sole discretion waive in writing the conditions (i), (ii), (iii), (vii) and/or (viii) (in whole or in part) set out above. Save for the aforementioned, none of the conditions set out above can be waived by any party under the Acquisition Agreement.

If the conditions above have not been fulfilled or waived (as the case may be) on or before 31 December 2017 (or such later date as the Vendor and the Purchaser may agree in writing), the Acquisition Agreement shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter, save for any antecedent breaches of the Acquisition Agreement.

Completion

Completion shall take place on the fifth Business Day after fulfillment or waiver (as the case may be) of the conditions precedent to the Acquisition Agreement (or such other date as the Purchaser and the Vendor may agree in writing).

Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company whereas GYE, Singapore HoldCo, Hoi An South Development (HK) Limited, Yield Gold Enterprises (Macao) Limited and ProjectCo will become joint ventures of the Group. Accordingly, the financial results of the Target will be consolidated into, and the financial results of GYE, Singapore HoldCo, Hoi An South Development (HK) Limited, Yield Gold Enterprises (Macao) Limited and ProjectCo will be accounted for using equity method in, the consolidated financial statements of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion and immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company since the date of this announcement):

(ii) Upon Completion and immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company since the date of this announcement)

	(i) As at the date of this announcement		(ii) Upon Completion and immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company since the date of this announcement)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Fame Select (<i>Note 1</i>)	4,345,489,489	72.17	4,345,489,489	68.42
The Vendor	–	–	196,666,667	3.10
Mr. Chau and his associates	4,345,489,489	72.17	4,542,156,156	71.52
Mr. Lo (<i>Note 2</i>)	–	–	133,333,333	2.10
Mr. Au Chung On John and his associate (<i>Note 3</i>)	400,000	0.01	400,000	0.01
Mr. Manuel Assis Da Silva and his associate (<i>Note 4</i>)	810,000	0.01	810,000	0.01
Public Shareholders	1,674,119,411	27.81	1,674,119,411	26.36
Total	<u>6,020,818,900</u>	<u>100.00</u>	<u>6,350,818,900</u>	<u>100.00</u>

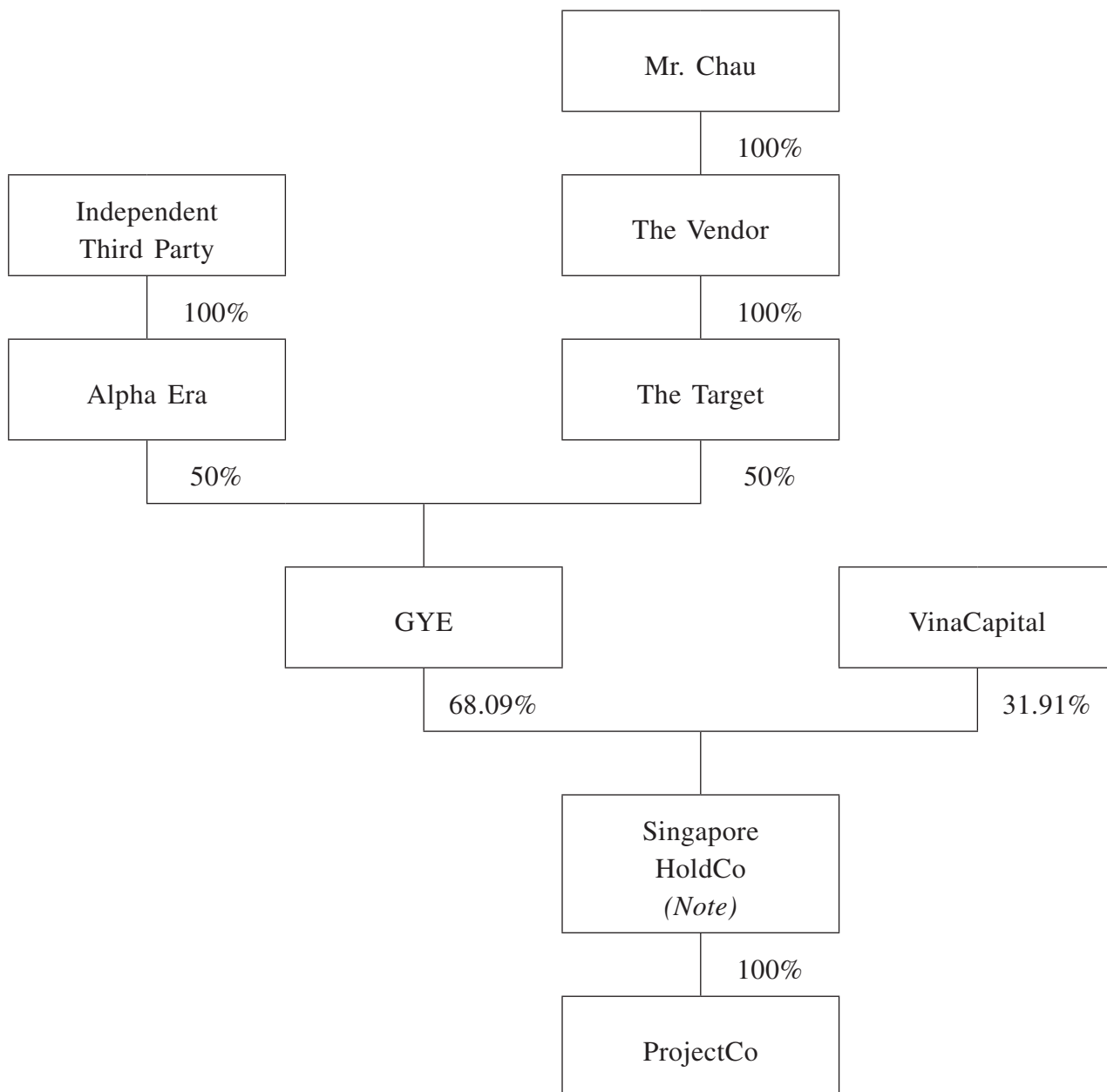
Notes:

1. Fame Select is owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. Mr. Chau is therefore deemed to be interested in the Shares held by Fame Select.
2. The Vendor confirmed that it will direct the Company to issue the Convertible Bonds in the aggregate principal amount of HK\$120 million to Mr. Lo, an executive Director, as consideration for Mr. Lo's advisory and consultancy service to Mr. Chau in respect of the Project.
3. This represents the 400,000 Shares held by the spouse of Mr. Au Chung On John, an executive Director, and Mr. Au Chung On John is therefore deemed to be interested in such shares.
4. This represents the 520,000 Shares held by Mr. Manuel Assis Da Silva, an executive Director, and the 290,000 Shares held by the spouse of Mr. Manuel Assis Da Silva. Both Mr. Manuel Assis Da Silva and his spouse are therefore deemed to be interested in 810,000 Shares.

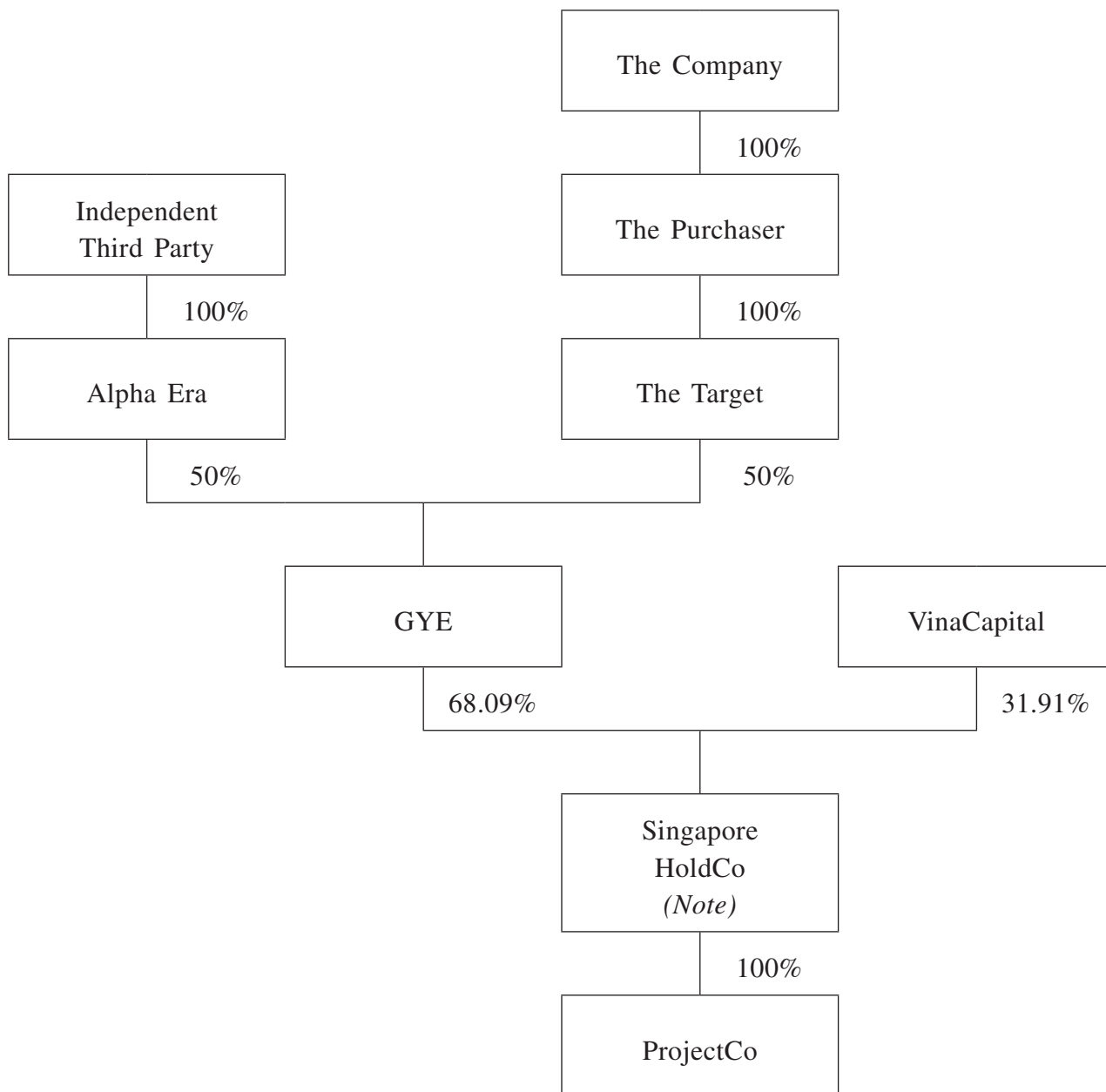
INFORMATION ON THE TARGET GROUP

Shareholding of the Target Group

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the shareholding structure of the Target Group immediately after Completion:



Note: As advised by the Vendor, Singapore Holdco has two other wholly-owned subsidiaries, Hoi An South Development (HK) Limited and Yield Gold Enterprises (Macao) Limited, both of which are principally engaged in the provision of consultancy and management services to the Target Group.

Background of the Target Group

The Target is an investment holding company incorporated in BVI with limited liability. It is wholly owned by the Vendor, which is in turn wholly owned by Mr. Chau.

The original investment cost by the Vendor in the ProjectCo is approximately HK\$303,498,000. The Target owns 50% equity interest in GYE, an investment holding company incorporated in the BVI with limited liability. The remaining 50% equity interest in GYE is held by Alpha Era, a company incorporated in BVI with limited liability and wholly owned by an Independent Third Party. GYE is a company incorporated in BVI with limited liability and its principal business is investment holding. The principal asset of GYE is approximately 68% equity interest in Singapore HoldCo. The remaining approximately 32% equity interest is held by VinaCapital, an Independent Third Party.

Singapore HoldCo is a company incorporated in Singapore with limited liability and its principal business is investment holding. The principal asset of Singapore HoldCo is the entire equity interest in ProjectCo. Singapore HoldCo also holds the entire equity interest in two other subsidiaries, Hoi An South Development (HK) Limited and Yield Gold Enterprises (Macao) Limited, both of which are principally engaged in the provision of consultancy and management services to the Target Group.

ProjectCo is a company incorporated in Vietnam with limited liability and its principal business is real estate, provision of short-term hotel services, tourism agency operation and conducting business activities in prize winning games. The principal asset of ProjectCo is the Project, details of which are set out in the section headed “Information of the Project” below in this announcement.

Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2016 as prepared in accordance with the International Financial Reporting Standards:

	For the year ended 31 December 2015 <i>(Unaudited)</i>	For the year ended 31 December 2016 <i>(Unaudited)</i>
Loss before tax	US\$131,714 (equivalent to approximately HK\$1,028,318)	US\$2,981,557 (equivalent to approximately HK\$23,277,612)

	For the year ended 31 December 2015 <i>(Unaudited)</i>	For the year ended 31 December 2016 <i>(Unaudited)</i>
Loss after tax	US\$131,714 (equivalent to approximately HK\$1,028,318)	US\$2,981,557 (equivalent to approximately HK\$23,277,612)
		As at 31 December 2016 <i>(Unaudited)</i>
Net liabilities		US\$4,018,352 (equivalent to approximately HK\$31,372,078)

INFORMATION ON THE PROJECT

The Project is an integrated resort development project located in Hoi An South, Quang Nam Province, an emerging tourist destination in Vietnam. The Project will consist of tourism areas, an integrated resort and residential areas. As stipulated in the investment registration certificate dated 2 August 2016, the whole development of the Project is expected to comprise seven phases to be developed over a span of 20 years on a site of approximately 985.5 hectares with phase 1 land area of approximately 270 hectares. Based on the development plan as at the date of this announcement, only phase 1 development with land area of approximately 163 hectares has been materialised. The phase 1 development includes the building of an integrated resort complex with entertainment and retail facilities which consists of the Casino with a total of 140 gaming tables and 1,000 slot machines, a golf course, a mass market hotel with 313 hotel rooms, an all-suite hotel with 136 suites (comprising 141 bedrooms), a hotel villa resort with 70 units (comprising 74 bedrooms), 30 villa units (comprising 68 bedrooms) for sale and timeshare rental, and a condo-hotel with 236 rooms (comprising 408 bedrooms) for sale and timeshare rental.

As at the date of this announcement, ProjectCo has invested a total of approximately US\$89.0 million (equivalent to approximately HK\$694.8 million) in relation to phase 1 development of the Project (including approximately US\$30.3 million (equivalent to approximately HK\$236.6 million) from the Vendor by virtue of its share of interest). In addition, a conditional bank facility of up to US\$484 million (equivalent to approximately HK\$3,778.7 million) has been obtained for the phase 1 development. Based on the required planned investment cost of US\$650 million (equivalent to approximately HK\$5,074.7 million) stipulated in the investment registration certificate dated 2 August 2016, ProjectCo will need to deploy an addition of approximately US\$77.0 million (equivalent to approximately HK\$601.2million), of which approximately US\$26.22 million (equivalent to approximately HK\$204.7million) is to be invested by the Target by virtue of its share of interest in the Project. It is expected that after Completion, the Group will take up the investment commitment of the Target in the phase 1 development. As at the date of this announcement, the Project is at development stage, it is expected that the phase 1 development of the Project is expected to be completed on or before mid 2019.

The Company confirms that, based on Vietnam legal advice obtained by the Company, the Project is lawful in Vietnam. The Company has also been advised that the Project and the transactions contemplated thereunder conducted in Vietnam do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

VALUATION

The valuation report prepared by Grant Sherman Appraisal Limited, the independent professional valuer appointed by the Company, in respect of ProjectCo dated 10 July 2017, adopted the income-based approach using discounted cash flow method involving projections of profits, earnings and cash flows which are regarded as profit forecasts under Rule 14.61 of the Listing Rules (the “**Profit Forecast**”). Pursuant to Rule 14.62(1) of the Listing Rules, the principal assumptions, including commercial assumptions, upon which the Profit Forecast is based, are detailed as follows:

- (i) there will be no major changes in the existing political, legal, and economic conditions in Vietnam in which ProjectCo carries on its business;
- (ii) there will be no major changes in the current taxation law in Vietnam in which ProjectCo operates, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- (iii) effective tax rates, exchange rates and interest rates will not differ materially from those presently prevailing;
- (iv) the availability of finance will not be a constraint on the forecast growth of ProjectCo’s operations;
- (v) there will be no material deviation or changes in the industry trends and market conditions which would significantly affect the revenues, profits, cash flows attributable to ProjectCo;
- (vi) the financial projection from 1 July 2017 to 30 June 2029, and the underlying assumptions provided by the management of the ProjectCo and the Company have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration;
- (vii) ProjectCo will successfully maintain its competitiveness and market share through optimizing the utilization of its resources, expanding its marketing network and investing in gaming, hotel, real estate and golf business;
- (viii) ProjectCo can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;
- (ix) ProjectCo will utilize and maintain its current operational, administrative and technical facilities to expand and increase its profitability;

- (x) ProjectCo will retain and have competent management, key personnel, and technical staff to support its ongoing operation;
- (xi) ProjectCo has obtained and will obtain all necessary permits, license, certificates and approvals to carry out its business as planned in the financial projection;
- (xii) there will not be any material potential liabilities arising from the discrepancy of development area of approximately 163 hectares to be materialised by ProjectCo for phase one of the Project and the stipulated area of approximately 270 hectares as per the Investment Certificate;
- (xiii) the phase one of the Project will commence operations by the second quarter of 2019 with at least 1,000 lodging rooms completed;
- (xiv) a terminal growth rate of 3% is adopted, which reflects a long-term inflation rate in Vietnam;
- (xv) the debt-to-equity ratio of ProjectCo for the period from 1 July 2017 to 30 June 2029 is assumed to be the average debt-to-equity ratio of that period;
- (xvi) ProjectCo will retain a debt-to-equity ratio of 0% in terminal year;
- (xvii) the borrowing costs are assumed to be 4.5% and 5.68% for the first year and second year after drawdown respectively with reference to the loan agreement of ProjectCo; and
- (xviii) exchange rate of USD HKD is assumed to be US\$1 = HK\$7.8072 as of 30 June 2017.

Deloitte Touche Tohmatsu, the reporting accountants of the Company in connection with the Acquisition, has reported to the Directors in respect of the compilation, in accordance with the assumptions above, of the discounted future estimated cash flows in connection with the valuation of 100% equity interest in ProjectCo prepared by Grant Sherman Appraisal Limited as set out in the valuation report dated 10 July 2017. The Directors are solely responsible for the assumptions described above and work performed by Deloitte Touche Tohmatsu did not include any assessment of the reasonableness or validity of these assumptions.

Optima Capital Limited, the financial adviser to the Company, has considered the forecasts included in the valuation report and the abovementioned report from Deloitte Touche Tohmatsu addressed solely to and for the sole benefit of the Directors, and attended discussions involving the management of the Company and Grant Sherman Appraisal Limited. Optima Capital Limited is satisfied that the forecasts included in the valuation report have been made by the Directors after due and careful enquiry.

The comfort letters from Deloitte Touche Tohmatsu and Optima Capital Limited are set out respectively in appendices I and II to this announcement in accordance with Rule 14.60A of the Listing Rules.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
Grant Sherman Appraisal Limited	Professional valuer
Deloitte Touche Tohmatsu	Certified public accountants
Optima Capital Limited	A licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities

As at the date of this announcement, each of the above-mentioned experts does not have any shareholding, directly or indirectly, 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.

Each of the above-mentioned experts has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report and all reference to its name in the form and context in which it is included.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 disclosed in the Company's annual report for the year ended 31 December 2016, the Group has been exploring and planning to invest in potential projects and business opportunities with good potential and to further expand its tourism-related business to countries in Asia, other than China, and Vietnam has been one of the initial target markets of the Group.

Vietnam has been among one of the fastest growing economies as demonstrated by a resilient growth in its gross domestic product per capita of over 6% annually since 2000 based on the statistics from the World Bank. Amid the solid economic growth in Vietnam, the country's tourism market has been booming. According to the official statistics from Vietnam National Administration of Tourism, total international arrivals in the country exceeded 10 million in 2016 with a year-on-year increase of approximately 26.0%. Considering the robust visitor volume and the continued growth impetus, the Group is confident on the outlook on the tourism sector in Vietnam and believes there will be an increasing demand for resort facilities in popular tourist destinations of the country, including Quang Nam Province, which has received almost a quarter of the country's total number of foreign visitors in 2016.

In addition, the Vietnamese government issued a decree in early 2017 that paves the way for selected domestic casinos to accept bets from Vietnamese gamblers. The Vietnamese government had previously been prohibiting local people from gambling in casinos within the borders of the country. While there have been a few casinos in the country, they could only be opened for business to foreign passport holders and therefore these casinos are mostly small in scale. The Board (excluding the independent non-executive Directors whose views will be included in the Circular after taking into consideration of the advice from the Independent Financial Adviser) is of the view that issue of the decree signals the country's determination to further open up its gaming market and that the country's population of over 90 million people, coupled with the aforesaid rising inbound visitors from overseas, could support a thriving gaming market in Vietnam.

The Project, comprising development of the Casino and hotel resort facilities, is located in Quang Nam Province, Vietnam. Through the Acquisition, the Group could acquire interests in the Project and thereby tap into the promising tourism sector, as well as the potentially expanding gaming market, in Vietnam, in line with the Group's objective to develop tourism-related business in the country. Notwithstanding that the Group will only obtain a minority interest in and will not have control over the Target Group (therefore the Project) upon Completion, the Company is of the view that the Acquisition would allow the Group to benefit from partnering with the other investors (i.e. the subsisting shareholders of the Target) in jointly developing the Project and leveraging on their experiences and resources in furtherance of its business development in Vietnam, which is a new market to the Group.

The Consideration under the Acquisition Agreement was determined after arm's length negotiations between the Company and the Vendor with reference to the attributable interest in the fair value of the equity interest of ProjectCo as at 30 June 2017 according to an valuation compiled by Grant Sherman Appraisal Limited, the independent professional valuer appointed by the Company. The valuation report has been prepared based on the Profit Forecast. Deloitte Touche Tohmatsu, the reporting accountants of the Company in connection with the Acquisition, has reported to the Directors in respect of the compilation, in accordance with the assumptions above, of the discounted future estimated cash flows in connection with the valuation of 100% equity interest in ProjectCo prepared by Grant Sherman Appraisal Limited as set out in the valuation report dated 10 July 2017. The Directors are solely responsible for the assumptions described above and work performed by Deloitte Touche Tohmatsu did not include any assessment of the reasonableness or validity of these assumptions. Optima Capital Limited, the financial adviser to the Company in connection with the Acquisition, has confirmed that it is satisfied that the Profit Forecast has been made by the Directors after due and careful enquiry. Details regarding the Profit Forecast have been set out in the section headed "Valuation" above in this announcement.

In light of the aforesaid, the Board (excluding the independent non-executive Directors whose views will be included in the circular after taking into consideration of the advice from the Independent Financial Adviser) considers that the terms of the Acquisition Agreement are fair and reasonable, and that the entering into of the Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

The Vendor is wholly owned by Mr. Chau, an executive Director and the Chairman of the Company. Fame Select, a company which is owned as to 50% by Mr. Chau, is interested in approximately 72.17% of the issued share capital of the Company as at the date of this announcement and is therefore the controlling shareholder of the Company. Accordingly, the Vendor is regarded as a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Acquisition Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the announcement of the Company dated 22 June 2017, Mr. Chau agreed to procure the Vendor to pay Mr. Lo, an executive Director, a certain percentage of the realised profit of the Vendor upon realisation or disposal of its interests in the Project subject to a maximum amount of HK\$120 million as consideration for Mr. Lo's advisory and consultancy service to Mr. Chau in respect of the Project. By virtue of interests of Mr. Chau and Mr. Lo in the Acquisition Agreement, Mr. Chau, Mr. Lo and their respective associates shall abstain from voting on the ordinary resolution in relation to the Acquisition Agreement and the transactions contemplated thereunder to be proposed at the EGM. As at the date of this announcement, Mr. Chau and his associates are interested in 4,345,489,489 Shares, representing approximately 72.17% of the issued share capital of the Company, and Mr. Lo is not interested in any Shares. Save for the aforesaid, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the EGM in respect of the Acquisition Agreement and the transactions contemplated thereunder. By virtue of interests of Mr. Chau and Mr. Lo in the Acquisition Agreement, they had abstained from voting in respect of the relevant board resolution relating to the Acquisition Agreement and the transactions contemplated thereunder. Save for the aforesaid, no other Directors have a material interest in the Acquisition Agreement and were required to abstain from voting on the Board resolution approving the Acquisition Agreement and the transactions contemplated thereunder.

EGM

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise and provide recommendation to the Independent Shareholders on the voting in respect of the transactions contemplated under the Acquisition Agreement. In this connection, the Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on the voting in respect of the transactions contemplated under the Acquisition Agreement.

The EGM will be held and convened for considering, and if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) further information of the Group and the Target Group, as well as the Project; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition Agreement and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition Agreement and the transactions contemplated thereunder; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 25 August 2017, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

Completion is conditional upon the fulfillment or waiver (as the case may be) of the conditions precedent as set out in the paragraph headed “Conditions precedent” under the section headed “The Acquisition Agreement” in this announcement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

The Company confirms that, based on Vietnam legal advice obtained by the Company, the Project is lawful in Vietnam. The Company has also been advised that the Project and the transactions contemplated thereunder conducted in Vietnam do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong). Shareholders and potential investors of the Company should note that, pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange, the Stock Exchange may direct the Company to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the Company’s securities pursuant to Rule 6.01 of the Listing Rules if the operation of the proposed Project fails to comply with applicable laws in Vietnam and/or contravenes the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

DEFINITIONS

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

“Acquisition”	the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the Acquisition Agreement dated 27 July 2017 entered into among the Purchaser, the Vendor and the Guarantor in respect of the Acquisition
“Alpha Era”	Alpha Era Investments Limited, a company incorporated in the BVI and wholly owned by an Independent Third Party with limited liability
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Casino”	the casino to be established under the Project
“Company”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1383)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Company for the Acquisition pursuant to the Acquisition Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Conversion Price”	HK\$0.90 per Conversion Share for the Convertible Bonds (subject to adjustments)
“Conversion Shares”	a maximum of 330,000,000 new Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds at the initial Conversion Price
“Convertible Bonds”	the convertible bonds to be issued by the Company to the Vendor (or as it may direct in writing) for settlement of the Consideration
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened for the Independent Shareholders to consider, and if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder
“Fame Select”	Fame Select Limited, a company incorporated in the BVI with limited liability and the controlling shareholder of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries from time to time
“GYE”	Gold Yield Enterprises Limited, a company incorporated in BVI with limited liability and owned as to 50% by the Target and 50% by Alpha Era
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“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, which has been established to make recommendations to the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Chau, Mr. Lo, Fame Select and their respective associates
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons
“Last Trading Day”	26 July 2017, being the last trading day immediately prior to the publication of this announcement
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chau” or “Guarantor”	Mr. Chau Cheuk Wa, an executive Director and the Chairman of the Company
“Mr. Lo”	Mr. Lo Kai Bong, an executive Director
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Project”	Hoi An South Project, an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam
“ProjectCo”	Hoi An South Development Ltd, a company incorporated in Vietnam, being the owner of the Project
“Promissory Note”	the Promissory Note in the principal amount of HK\$303,000,000 to be issued by the Company

“Purchaser”	Goal Summit Limited, a company incorporated in the BVI with limited liability, being a direct wholly-owned subsidiary of the Company
“Sale Shares”	50,000 shares in the issued share capital of the Target to be sold by the Vendor and to be acquired by the Purchaser pursuant to the terms and conditions of the Acquisition Agreement, which represent the entire issued share capital of the Target
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target to the Vendor and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“Singapore HoldCo”	Hoi An South Investments Pte. Ltd., a company incorporated in Singapore with limited liability and owned as to approximately 68.09% by GYE and approximately 31.91% by VinaCapital
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Star Admiral Limited, a company incorporated in the BVI with limited liability
“Target Group”	together the Target, GYE, Singapore HoldCo, Hoi An South Development (HK) Limited, Yield Gold Enterprises (Macao) Limited and ProjectCo
“Vendor”	Suncity International Holdings Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Chau
“Vietnam”	Socialist Republic of Vietnam

“VinaCapital”	VinaCapital Corporate Finance Ltd, a company incorporated in BVI with limited liability and is wholly owned by an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America.
“%”	per cent.

For ease of reference, sums in HK\$, US\$ and RMB in this announcement are translated at the rates of US\$1 = HK\$7.8072 and RMB1 = HK\$1.117. This does not mean that US\$ and RMB could be converted into HK\$ or vice versa based on such exchange rates.

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

Hong Kong, 27 July 2017

As at the date of this announcement, the executive Directors are Mr. Chau Cheok Wa, 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.

APPENDIX I – LETTER FROM DELOITTE TOUCHE TOHMATSU

The following is the text of the letter received from Deloitte Touche Tohmatsu, Certified Public Accountants, in respect of the valuation of Hoi An South Development Ltd for the purpose of inclusion in this announcement.



德勤

INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE EQUITY INTEREST IN HOI AN SOUTH DEVELOPMENT LTD

TO THE DIRECTORS OF SUNCITY GROUP HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Grant Sherman Appraisal Limited dated 10 July 2017, of 100% equity interest in Hoi An South Development Ltd as at 30 June 2017 (the “Valuation”) is based. Hoi An South Development Ltd is a company incorporated in Vietnam and is the owner of Hoi An South Project, an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and will be included in an announcement dated 27 July 2017 to be issued by Suncity Group Holdings Limited (the “Company”) in connection with the acquisition of the entire equity interest in Star Admiral Limited (the “Announcement”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “Assumptions”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of Hoi An South Development Ltd.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 July 2017

APPENDIX II – LETTER FROM OPTIMA CAPITAL LIMITED

The following is the text of the letter received from Optima Capital Limited, the financial advisers of the Company, in respect of the valuation of Hoi An South Development Ltd for the purpose of inclusion in this announcement.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

27 July 2017

The Board of Directors
Suncity Group Holdings Limited
Room 1201-1202, 12/F
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

We refer to the valuation report (the “**Valuation**”) prepared by Grant Sherman Appraisal Limited (“**Grant Sherman**”) dated 10 July 2017 in relation to the valuation of 100% equity interest in Hoi An South Development Ltd (the “**ProjectCo**”). The ProjectCo is a company incorporated in Vietnam and is the owner of Hoi An South Project, an integrated casino resort project being developed in Hoi An South, Quang Nam Province, Vietnam. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as those defined in the announcement of Suncity Group Holdings Limited dated 27 July 2017 (the “**Announcement**”).

We note that the Valuation, which has been developed based on, among other things, the discounted cash flows analysis, is regarded as profit forecast under Chapter 14 of the Listing Rules. We note that the Valuation is developed based on, among other things, the cash flow forecast in relation to the ProjectCo and the estimated discount rate which is based on the estimated cost of equity after taking into consideration of relevant risk free rate and certain risk premium.

We have discussed with the management of the Company and Grant Sherman regarding the bases and assumptions of the Valuation and have also reviewed the letter issued by Deloitte Touche Tohmatsu dated 27 July 2017 as set out in Appendix I to the Announcement containing its opinion on whether the cash flows forecast, so far as the arithmetical accuracy of the calculations are concerned, have been properly compiled in accordance with the bases and assumptions made by the Directors.

On the basis of the foregoing and the arithmetical accuracy of the calculations reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the cash flows forecast underlying the Valuation, for which the Directors are solely responsible, has been made after due and careful enquiry.

Yours Faithfully,
For and on behalf of
Optima Capital Limited
Ng Ka Po
Senior Director