

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SUNCITY GROUP HOLDINGS LIMITED

太陽城集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

**(1) MAJOR TRANSACTION
DISPOSAL OF ACCESS ACHIEVEMENT LIMITED
AND
(2) NON-BINDING MEMORANDUM OF UNDERSTANDING
IN RELATION TO POSSIBLE LEASE**

Financial adviser to the Company



THE DISPOSAL

On 21 February 2021, the Company, as the vendor, and the Purchaser, as the purchaser, entered into the Sale and Purchase Agreement in relation to the Disposal, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares for an aggregate Consideration of RMB155,290,000 (equivalent to approximately HK\$186,348,000) subject to the terms and conditions of the Sale and Purchase Agreement.

THE MOU

The Board is pleased to announce that on 21 February 2021, Shenzhen Sky Alliance, a wholly-owned subsidiary of the Company, as lessee, entered into the MOU with the Potential Lessor, as lessor, pursuant to which Shenzhen Sky Alliance intends to lease the Subject Premises used for shops for a term of 72 months from the Effective Date at a monthly rental fee of RMB59 per square metre.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Disposal exceeds 25% but all of the applicable percentage ratios are below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

GENERAL

An EGM will be held for the Shareholders to consider, and if thought fit, approve, the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder is materially interested in the Sale and Purchase Agreement. As such, no Shareholder is required to abstain from voting on the resolutions at the EGM accordingly.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder; (ii) a valuation report on the Properties; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the EGM and a form of proxy, is expected to be despatched by the Company to the Shareholders on or before 26 March 2021 as additional time is required to prepare the information for inclusion in the circular.

THE DISPOSAL

On 21 February 2021, the Company, as the vendor, and the Purchaser, as the purchaser, entered into the Sale and Purchase Agreement in relation to the Disposal, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares for an aggregate Consideration of RMB155,290,000 (equivalent to approximately HK\$186,348,000) subject to the terms and conditions of the Sale and Purchase Agreement.

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

Date : 21 February 2021

Parties : (1) The Company, as the vendor; and
(2) The Purchaser, as the purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Assets to be disposed

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

Debt Restructuring

Pursuant to the Sale and Purchase Agreement, simultaneously at Completion, the Disposal Group will implement a debt restructuring pursuant to which (i) the Disposal Group and the Remaining Group will undergo a series of debt assignments, novations, set off and/or waivers such that, save and except for the Shenzhen Sky Alliance Loan, there will not be any outstanding liabilities, obligations or indebtedness between the Disposal Group and the Remaining Group upon Completion; and (ii) the Disposal Group, the Remaining Group and certain Independent Third Parties will undergo a series of debt assignments, novations, set off and/or waivers such that the outstanding liabilities of the Disposal Group, excluding the Shenzhen Sky Alliance Loan and the CITIC Loans, will not exceed approximately RMB791,678,000 (equivalent to approximately HK\$950,014,000). The structure and relevant agreements of the Debt Restructuring will be agreed upon by the Company and the Purchaser prior to Completion.

Shenzhen Sky Alliance Loan

As at the date of this announcement, the estimated outstanding balance of the Shenzhen Sky Alliance Loan at Completion will be RMB501,749,000 (equivalent to approximately HK\$602,099,000), subject to the actual Completion Date. Before Completion, as the Disposal Group is still part of the Group, the Group will continue to be obligated to repay the outstanding balances of the CITIC Loans. As such, depending on the actual Completion Date, Shenzhen Sky Alliance may be required to provide additional credit under the Shenzhen Sky Alliance Loan to the Disposal Group, in order to meet the aforementioned obligations according to the schedule as outlined below:

Date	Amount <i>RMB</i>
22 April 2021	7,500,000
22 June 2021	10,000,000
22 July 2021	7,500,000
22 October 2021	7,500,000
22 December 2021	10,000,000

In January 2021, Shenzhen Sky Alliance provided additional credit of RMB7,500,000 to the Disposal Group for the purpose of the repayment of the CITIC Loan A, which is included in the estimated outstanding balance of the Shenzhen Sky Alliance Loan as at the date of this announcement. Any of the abovementioned further additional credit provided by Shenzhen Sky Alliance to the Disposal Group under the Shenzhen Sky Alliance Loan for the purpose of the repayment of the CITIC Loans must be repaid within one (1) month after the Completion Date. As at the date of this announcement, the aggregate outstanding balance of the CITIC Loans is RMB317,500,000. Upon Completion, the principal amounts under the Shenzhen Sky Alliance Loan and the CITIC Loans in aggregate will not exceed RMB819,249,000.

Mr. Chiu as the agent of Shenzhen Sky Alliance and Shenzhen Zirui, as the guarantor, will enter into the Property Mortgage at Completion, pursuant to which Shenzhen Zirui will charge (i) 20 commercial units and shops in Le Paysage with aggregate book value of approximately RMB134,511,000 and aggregate fair value of approximately RMB136,440,000 based on a preliminary valuation prepared by an independent valuer; and (ii) 1 apartment and 22 villas in Le Paysage with aggregate book value of approximately RMB178,514,000 and aggregate fair value of approximately RMB658,240,000 based on a preliminary valuation prepared by an independent valuer, as security for the repayment of the Shenzhen Sky Alliance Loan.

Repayment Arrangement

Pursuant to the Shenzhen Sky Alliance Loan Agreements to be entered into in relation to the Shenzhen Sky Alliance Loan at Completion, the Shenzhen Sky Alliance Loan in the aggregate amount of RMB501,749,000 (equivalent to approximately HK\$602,099,000) and the actual amount advanced by Shenzhen Sky Alliance to the Disposal Group for the repayment of the CITIC Loans from the date of the Sale and Purchase Agreement until the Completion Date shall be repaid by Shenzhen Zirui to Shenzhen Sky Alliance according to the schedule as outlined below:

- (1) any amount exceeding RMB501,749,000 shall be repaid within 1 month from the Completion Date;
- (2) as to RMB401,749,000 shall be repaid on or before 31 March 2022; and
- (3) as to RMB100,000,000 shall be repaid on or before 30 June 2023.

Interest : Nil

Default interest : 12% per annum on all amounts overdue from respective due dates for payment

Consideration

The Consideration for the Disposal shall be RMB155,290,000 (equivalent to approximately HK\$186,348,000). According to the Sale and Purchase Agreement, the final consideration amount in HK\$ shall refer to the central parity rate of RMB to HK\$ announced by the People's Bank of China at the Completion Date which shall be payable in HK\$ in cash by the Purchaser to the Company at Completion.

The Consideration was determined based on arm's length negotiations between the Company and the Purchaser with reference to the following factors:

(a) *The financial position of the Disposal Group*

The Disposal Group recorded unaudited consolidated net liabilities of approximately RMB845.57 million as at 31 December 2020.

The aggregate unaudited carrying amount of the Properties as at 31 December 2020 was approximately RMB1,511.65 million, representing the sum of the carrying amount of the investment properties of approximately RMB1,177.40 million and the carrying amount of inventories of approximately RMB334.25 million.

Based on preliminary valuations on the Properties prepared by an independent valuer, the aggregate fair value of the Properties as at 31 December 2020 was approximately RMB1,998.12 million with the valuation of the investment properties of the Disposal Group of approximately RMB1,177.40 million and the valuation of the inventories of the Disposal Group of approximately RMB820.72 million.

Taking into account (i) the indicative valuation of the inventories of approximately RMB820.72 million as assessed by the independent valuer; (ii) the estimated deferred tax including but not limited to land value-added tax, sales tax, value-added tax, stamp duty, enterprise income tax and urban maintenance and construction tax arising from the revaluation of the inventories of approximately RMB299.10 million; and (iii) the estimated increase in consolidated net assets value of the Disposal Group upon the completion of the Debt Restructuring as of 31 December 2020 of approximately RMB772.40 million, the adjusted unaudited consolidated net assets value of the Disposal Group was approximately RMB114.20 million (equivalent to approximately HK\$137.04 million) as at 31 December 2020 assuming the Completion took place as at 31 December 2020.

(b) *The financial performance and prospects of the Disposal Group*

The Disposal Group recorded net losses of approximately RMB363.45 million and RMB184.85 million for the years ended 31 December 2020 and 2019, respectively.

The Disposal Group has two segments, namely the property development segment in Guangdong Province and the property leasing segment. For the property development segment in Guangdong Province, no more profit would be generated after the sale of the remaining unsold units as Le Paysage is the only existing project available for sale. For the property leasing segment, it is expected that the net loss would continue to worsen as the occupancy rate of the investment properties has been decreasing.

Please refer to the section headed “REASONS FOR AND BENEFITS OF THE DISPOSAL” below for the financial performance of these two segments.

(c) *The lack of potential buyers for the Disposal Group*

The Group has been approached by a potential buyer in 2017 to acquire only the investment properties of the Disposal Group. However, the Group and the potential buyer could not agree on the terms of the disposal as the buyer did not agree to purchase all the remaining inventories of the Disposal Group and the potential buyer did not want to assume any liabilities of the Disposal Group. Since then, the Group has received no interests or offers for the acquisition of the Disposal Group. Given the condition of the investment properties, the decreasing occupancy rate and increasing spending through online retail, the Group does not expect that there will be offers at a higher offer price than the Consideration.

(d) *The Shenzhen Sky Alliance Loan*

The repayment of the Shenzhen Sky Alliance Loan which is estimated to be RMB501,749,000 (equivalent to approximately HK\$602,099,000), is subject to the actual Completion Date according to the Shenzhen Sky Alliance Loan Agreements to be entered into at Completion under the Repayment Arrangement.

Please refer to the paragraphs headed “Shenzhen Sky Alliance Loan” and “Repayment Arrangement” above for further details on the Shenzhen Sky Alliance Loan and the Repayment Arrangement.

Conditions precedent

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

- (a) completion of the due diligence review to the satisfaction of the Purchaser;
- (b) the Purchaser having obtained all necessary consents and approvals in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (c) the undertakings, representations and warranties made by the Purchaser remaining to be true, accurate and not misleading from the date of the Sale and Purchase Agreement up to the Completion Date and there being no matters, facts and circumstances constituting any breach of the representations and warranties provided by the Purchaser under the Sale and Purchase Agreement;
- (d) the obtaining of the Shareholders’ approval at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to the Listing Rules;
- (e) the Company having obtained all necessary consents and approvals in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (f) the undertakings, representations and warranties made by the Company remaining to be true, accurate and not misleading from the date of the Sale and Purchase Agreement up to the Completion Date and there being no matters, facts and circumstances constituting any breach of the representations and warranties provided by the Company under the Sale and Purchase Agreement;

- (g) Shenzhen Gang Long City having obtained a written consent letter from China CITIC Bank in regard to China CITIC Bank agreeing to the early repayment of the CITIC Loan A with a waiver of the 20% early repayment penalty on the CITIC Loan A and consenting to a change in the indirect controlling shareholder of Shenzhen Gang Long City (if necessary);
- (h) Sun Century Property having obtained a written consent letter from China CITIC Bank in regard to China CITIC Bank agreeing to the early repayment of the CITIC Loan B with a waiver of the 20% early repayment penalty on the CITIC Loan B and consenting to a change in the indirect controlling shareholder of Sun Century Property (if necessary);
- (i) the structure and the form and substance of the relevant agreements of the Debt Restructuring and the form and substance of the Deed of Indemnity, the Shenzhen Sky Alliance Loan Agreements and the Property Mortgage having been agreed upon by the Company and the Purchaser;
- (j) the Company and the Purchaser having obtained and approved the content of a tax advice, in relation to the transactions under the Sale and Purchase Agreement and the Disposal Group issued by a tax consultant approved by the Company and the Purchaser;
- (k) the Company and the Purchaser having obtained and approved the content of a PRC legal opinion by the Company's PRC legal advisor on the Debt Restructuring and the Shenzhen Sky Alliance Loan in the PRC; and
- (l) the Outstanding Litigation having been resolved and the seizure of the Seized Premises having been lifted.

Save for conditions (a), (f), (g), (h), (j), (k) and (l) above which may be waived in writing by the Purchaser and condition (c) above which may be waived in writing by the Company, none of the conditions set out above can be waived by any party to the Sale and Purchase Agreement.

If any of the above conditions precedent have not been fulfilled or waived by 4:00 p.m. on 31 May 2021 (or such later date as the Company and the Purchaser may agree in writing), the Sale and Purchase Agreement shall automatically be terminated and cease to be of any effect, and none of the Company and the Purchaser shall have any claim of any nature or liabilities under the Sale and Purchase Agreement save for any antecedent breaches of its terms.

Completion

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

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

Deed of Indemnity

Pursuant to the Sale and Purchase Agreement and the Deed of Indemnity to be entered into at Completion between the Company and the Purchaser, the Company will indemnify the Purchaser against certain tax, litigation and contingent liabilities which, except for litigation liabilities, in aggregate cannot exceed the sum of the (i) Consideration; and (ii) the principal amount of the Shenzhen Sky Alliance Loan at Completion. The Deed of Indemnity must be in a form approved by the Company and the Purchaser prior to Completion.

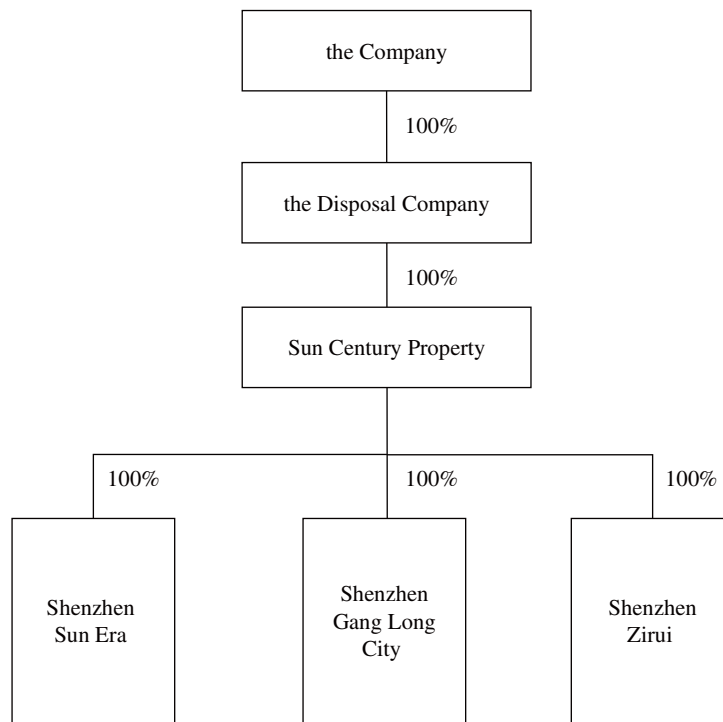
INFORMATION OF THE COMPANY

The Company is an investment holding company. The Group is principally engaged in (i) property development in the PRC and Japan; (ii) property leasing and management and operation of malls in the PRC; (iii) provision of hotel and integrated resort general consultancy service in Vietnam; (iv) provision of travel related products and services; (v) development and operation of an integrated resort in the Philippines; and (vi) through the Summit Ascent Group, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation. The Group has been expanding and seeking opportunities to expand its tourism-related business, in particular, investment in integrated resort and provision of hotel and integrated resort general consultancy services in the South East Asia region.

INFORMATION OF THE DISPOSAL GROUP

Shareholding structure of the Disposal Group

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



The Disposal Company is an investment holding company and a wholly-owned subsidiary of the Company. Its principal asset is the entire equity interest in Sun Century Property.

Sun Century Property is principally engaged in property development and property investment. Its principal assets are (1) Hong Long Plaza; and (2) the interest in Shenzhen Zirui. Shenzhen Zirui is principally engaged in property development and its principal assets are the remaining unsold units in Le Paysage.

Shenzhen Sun Era and Shenzhen Gang Long City are principally engaged in property management of Hong Long Plaza.

The Properties

Hong Long Plaza

Hong Long Plaza is a commercial and residential complex, developed by the Group, located in Shenzhen, Guangdong Province, the PRC. It comprises several residential buildings built on top of a five-storey commercial podium, namely the Gang Long City Shopping Centre. As at the date of the Sale and Purchase Agreement, Sun Century Property owned (i) the Gang Long City Shopping Centre and a commercial unit on the basement level, both of which are held for leasing purposes; and (ii) three residential units.

Le Paysage

Le Paysage is a property development project, developed by the Group, located in Shenzhen, Guangdong Province, the PRC. The pre-sale of Le Paysage was launched in 2013. As at 31 December 2020, approximately 86% of Le Paysage's total saleable area has been sold. 1 apartment, 22 villas and 20 commercial units and shops in Le Paysage remain unsold as at the date of the Sale and Purchase Agreement.

Financial Information of the Disposal Group

Set out below is the unaudited consolidated financial information of the Disposal Group prepared in accordance with the Hong Kong Financial Reporting Standards for the years ended 31 December 2019 and 2020:

	For the year ended 31 December 2020 RMB'000 (Unaudited)	For the year ended 31 December 2019 RMB'000 (Unaudited)
Revenue	37,674	63,651
(Loss)/profit before taxation	(468,089)	(173,701)
(Loss)/profit after taxation	(363,446)	(184,851)

The Disposal Group recorded unaudited consolidated net liabilities of approximately RMB845.57 million as at 31 December 2020.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal represents an opportunity for the Group to (i) sell all the remaining unsold units of Le Paysage in one transaction; (ii) realise its investment in Hong Long Plaza; (iii) focus and deploy its resources on the business of the Remaining Group; and (iv) reduce the debts of the Group.

(i) Sale of the remaining units in Le Paysage

The pre-sale of Le Paysage began in 2013 and as at 31 December 2020, approximately 14% of the total saleable area of Le Paysage remained unsold. Le Paysage was a property developed by the Group for sale in its ordinary and usual course of business. The sluggish sales in 2019, which continued throughout the year ended 31 December 2020 was attributable to the tightening measures on mortgage applications and quotas on residential property purchases per individual and the COVID-19 outbreak which severely impacted the local PRC and global economy. The Disposal will allow the Group to realise, in one transaction, all the remaining unsold units of Le Paysage.

(ii) Realisation of the Group's investment in Hong Long Plaza

The occupancy rate of Gang Long City Shopping Centre held by the Disposal Group was approximately 82% for the year ended 31 December 2017, which deteriorated to 67% and 60% for the years ended 31 December 2018 and 2019 respectively. Such deterioration is mainly attributable to the intense competition resulting from other modern shopping centres that were opened in Baoan District (i.e. among others, Uniwalk (壹方城) and Hai Ya Mega Mall (海雅繽紛城)). For the year ended 31 December 2020, the occupancy rate further deteriorated to 58% which is mainly attributable to the COVID-19 outbreak which resulted in country wide and localised lock downs in the PRC in the first half of 2020 which severely impacted retail establishments.

In light of the expected continued increase in the supply of retail space in Shenzhen and a shift from in-store retail to online shopping and the impact from the COVID-19 outbreak, the Board believes that it is unlikely that the occupancy rate of Gang Long City Shopping Centre will improve and the property leasing segment will turn around from its loss-making position.

(iii) Focus on the Remaining Group

The Group's existing business segments

For the years ended 31 December 2017, 2018 and 2019, the reported business segments of the Group and their respective contribution to the Group's revenue are set out below:

	For the year ended 31 December					
	2019		2018		2017	
	(audited) RMB'000	%	(audited) RMB'000	%	(audited) RMB'000	%
Segment revenue						
(1) travel related products and services	525,534	85.90	542,820	68.48	354,113	65.01
(2) property development	18,901	3.09	177,400	22.38	132,543	24.33
(3) property leasing	44,750	7.31	52,629	6.64	55,513	10.19
(4) hotel and integrated resort general consultancy services	14,450	2.36	19,794	2.50	2,539	0.47
(5) others	8,192	1.34	—	—	—	—
Total	<u>611,827</u>	<u>100.00</u>	<u>792,643</u>	<u>100.00</u>	<u>544,708</u>	<u>100.00</u>

For the years ended 31 December 2017, 2018 and 2019, the segment profit or loss of the reported business segments of the Group is set out below:

	For the year ended 31 December		
	2019	2018	2017
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment profit/(loss)			
(1) travel related products and services	9,001	31,928	17,807
(2) property development	(41,248)	69,435	(50,467)
(3) property leasing	(117,447)	(15,365)	(7,551)
(4) hotel and integrated resort general consultancy services	4,110	2,966	(16,271)
(5) others	2,958	—	—
Total	<u>(142,626)</u>	<u>88,964</u>	<u>(56,482)</u>

The leasing of the properties held by the Disposal Group in Hong Long Plaza represents the Group's entire property leasing business before the completion of the acquisition of the entire interest in Dongyang Xinguang.

As shown in the table above, the two segments of "travel related products and services" and "hotel integrated resort general consultancy services" generated segment profit while the property leasing and property development segments recorded segment losses for the year ended 31 December 2019 and, all the segments other than the property leasing segment generated segment profit for the year ended 31 December 2018.

Business of the Group upon Completion

Upon Completion, the main revenue contributors of the Group will comprise (i) property development in Japan; (ii) property leasing and management and operation of malls in the PRC; (iii) provision of hotel and integrated resort general consultancy services in Vietnam; (iv) provision of travel related products and services; (v) development and operation of an integrated resort in the Philippines; (vi) through the Summit Ascent Group, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation; and (vii) other businesses under development.

(1) *The sale of travel-related products and services segment*

(i) The sale of hotel accommodation products is only one of the revenue streams of the sale of travel-related products and services segment. Since 2018, the Group has expanded (i) the scope of travel-related products offered to transportation tickets, event tickets and bundle products; and (ii) its geographical reach to Vietnam, Cambodia and Turkey, which have been sourced from independent suppliers. The Group is currently in progress to expand businesses in relation to provision of travel packages to Vietnam and Russia, it is expected that the new travel package products will be launched in the second half of 2021.

(ii) Charter flight offerings

In January 2020, the Group completed the acquisition of an aircraft. The Group commenced the provision of charter flights in 2021 and such relevant revenue generated will be recorded as part of the Group's revenue classified under the Group's "Travel related products and services" segment.

(2) *Operation of the hotel and gaming business in the Integrated Entertainment Zone of Primorye Region in the Russian Federation*

As at the date of this announcement, the Group directly and indirectly held approximately 69.66% equity interest in Summit Ascent, the shares of which are listed on the Main Board of the Stock Exchange (stock code:102).

Summit Ascent holds 77.5% of the controlling interest in an integrated resort named "Tigre De Cristal" in the far east region of the Russian Federation. Phase 1 of Tigre De Cristal has commenced operation since 2015 and is comprised of gaming area with about 30 VIP gaming tables, 35 mass gaming tables, 330 slot machines and a 121-room 5-star hotel with food and beverage and retail outlets. Phase 2 of Tigre De Cristal, which includes a 4-star hotel with 350 rooms, 50 VIP gaming tables, 25 mass gaming tables and 300 slot machines, four restaurants, additional entertainment and retail facilities and indoor beach club, is currently under development.

(3) *Provision of hotel and integrated resort general consultancy services in Vietnam*

(i) In August 2018, the Group completed the acquisition of approximately 34% indirect equity interest in an integrated resort located in Hoi An (the "**Hoiana Project**"). The Hoiana Project is classified as a joint venture of the Company.

The Hoiana Project is expected to comprise of seven phases to be developed over a span of thirteen years on a site of approximately 985.5 hectares. Phase 1 includes more than 1,000 hotel rooms, a casino with 140 gaming tables and over 300 slot machines, as well as a golf course, and the soft opening of Phase 1 took place on 28 June 2020. The full opening is expected to take place in 2021. Revenue from the provision of consultancy services is recognised as revenue of the Group and the operating results of the Hoiana Project is accounted for as share of results of a joint venture in the consolidated financial statements of the Group.

For the year ended 31 December 2019, the Group derived income from the provision of hotel and integrated resort general consultancy services of RMB14.45 million. Upon soft opening of the casino, the Group has begun to receive income based on the gaming revenue of the casino and the revenue from the sale of food and beverages as well as the EBITDA of the casino and food and beverages outlets under management.

- (ii) In September 2017, the Group has entered into a technical services agreement in respect of an integrated resort project to be developed in Van Don District, Quang Ninh Province, Vietnam (the “**Project**”). The Group is in the negotiation with the owner of the Project to extend the service period of the technical service agreement.

(4) *Management and operation of malls in Zhejiang Province, the PRC*

On 18 November 2020, the Group acquired the entire interest of Dongyang Xinguang, in which Dongyang Xinguang is the lessee in relation to a lease on the Phase 1 Shopping Mall of Xinguang Tiandi* (新光天地一期購物廣場) and Phase 2 Living Mall of Xinguang Tiandi* (新光天地二期生活廣場) comprising 620 units with a total floor area of 65,241.98 square metres, and located at Xinguang Tiandi, No. 51 Wuningjiedao Nanjie, Dongyang City, Zhejiang Province* (浙江省東陽市吳寧街道南街51號新光天地) for a term of twenty (20) years commencing on 1 January 2015 and ending on 31 December 2034. The occupancy rates of Phase 1 Shopping Mall and Phase 2 Living Mall were approximately 87.02% and 79.28% respectively for the year ended 31 December 2020.

There were about 60 employees under Dongyang Xinguang as at 31 December 2020 and details of the historical financial information of Dongyang Xinguang were disclosed in the announcement of the Company dated 18 December 2020.

(5) *Other businesses under development*

As at the date of this announcement, the following investments of the Group are under development.

(i) Integrated resort development in the Philippines

In October 2019, the Group acquired 51% equity interest in Suntrust Home Developers, Inc. (“**SunTrust**”), a company listed on The Philippine Stock Exchange, Inc. (Stock code: SUN). SunTrust is accounted for as a subsidiary of the Company. In February 2020, SunTrust entered into a lease agreement to lease a project site for development of a main hotel casino located at the Entertainment City, Manila, the Philippines (the “**Main Hotel Casino**”). Further details of the lease agreement were disclosed in the announcement of the Company dated 24 February 2020 and the circular of the Company dated 26 March 2020.

The planning and design of the Main Hotel Casino has commenced and the Main Hotel Casino is expected to commence operations in 2023. Upon commencement of operations, SunTrust will be the sole operator and manager of the Main Hotel Casino and its financial results will be consolidated in the consolidated financial statements of the Group.

(ii) Resorts development in Japan

(a) On 2 September 2019, the Group completed the acquisition of a 51% interest in MSRD Corporation Limited (“**MSRD**”). The principal asset of MSRD is the plot of land with a total site area of 108,799 m² located at Nishihara, Aza Nikadori, Hirara, Miyakojima-shi, Okinawa, Japan (日本沖縄縣宮古島市平良荷川取西原). The Group intends to apply to Okinawa’s Legal Affairs Bureau for conversion of its designated use to resort hotel development. The Group aims to build 40 villas with a pool and a hotel tower with more than 100 rooms.

The construction of the project is expected to commence in 2021 and completed in 2023. The abovementioned 40 villas will be sold and the hotel tower will be held by the Group. It is expected that the Group will record revenue from the sale of villas, management fee income in respect of the recurring management services to the villa and revenue from the operations of the hotel tower.

(b) In January 2021, the Group completed the acquisition of land parcels with a total site area of 220,194 m² located at Aza-Yamada, Kutchan-cho, Abuta-gun, Niseko, Japan. The Group intends to build 50 villas and 20 town houses with 40 rooms. Ground investigation work has commenced and completion is expected in 2024.

(iii) Food and beverage business

As disclosed in the below section headed “THE MOU” of this announcement, on 21 February 2021, Shenzhen Sky Alliance entered into the MOU in relation to the leasing of the Subject Premises. The Group intends to refurbish the Subject Premises into a modern food street style cafeteria area with the concept of integrating multiple small scale catering and food industry stores which will commence as a new business segment of the Group. The Group will utilise its own internal food and beverage team dedicated to enhancing various food and beverage outlets across the Group’s property developments and projects.

(iv) Reduction of liabilities of the Group

As a result of the Debt Restructuring and the Disposal, the outstanding liabilities of the Disposal Group of approximately RMB791.68 million (without taking into account the amount of the Shenzhen Sky Alliance Loan and the CITIC Loans) due by the Disposal Group and the CITIC Loans will no longer be part of the Group’s outstanding obligations upon Completion and the proceeds from the repayment of the Shenzhen Sky Alliance Loan will also be utilised to repay other borrowings of the Remaining Group.

Having considered all of the above mentioned factors, the Board considers that the terms of the Disposal and the transactions contemplated thereunder (including the Consideration) are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited consolidated financial statements of the Disposal Group for the year ended 31 December 2020, the gain on the Disposal is estimated to be approximately RMB226.85 million, subject to an audit, which is arrived at after deducting the Consideration by (i) estimated expenses relating to the Disposal of approximately RMB1.61 million; (ii) the estimated increase in the consolidated net assets value of the Disposal Group upon the completion of Debt Restructuring as of 31 December 2020 of approximately RMB772.40 million; and (iii) the unaudited consolidated net liabilities of the Disposal Group as at 31 December 2020 of approximately RMB845.57 million.

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

INTENDED USE OF PROCEEDS

The Company intends to apply the net proceeds from the Disposal of approximately RMB655.43 million (equivalent approximately HK\$786.52 million), subject to the actual Completion Date, as to (i) approximately RMB501.75 million (equivalent to approximately HK\$602.10 million) for the repayment of other borrowings; and (ii) approximately RMB153.68 million (equivalent to HK\$184.42 million) for the general working capital of the Group.

THE MOU

The Board is pleased to announce that on 21 February 2021, Shenzhen Sky Alliance, a wholly-owned subsidiary of the Company, as lessee entered into the MOU with the Potential Lessor as lessor, pursuant to which Shenzhen Sky Alliance intends to lease the Subject Premises for a term of 72 months from the Effective Date at a monthly rental fee of approximately RMB59 per square metre.

Pursuant to the MOU but subject to the terms of any definitive agreements ultimately entered into between Shenzhen Sky Alliance and the Potential Lessor in relation to the Possible Lease, there will be a rent free period for 3 months and Shenzhen Sky Alliance will have the priority to lease the same Blocks A & B of the floor directly above the Subject Premises.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Potential Lessor and its ultimate beneficial owner are Independent Third Parties.

Non-binding nature of the MOU

The MOU is not legally binding and the Possible Lease is subject to (i) the entering into of definitive agreements between Shenzhen Sky Alliance and the Potential Lessor; and (ii) the Company's internal and external approval procedures (if necessary).

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU

The Company intends to refurbish the Subject Premises into a modern food street style cafeteria area with the concept of integrating multiple small scale catering and food industry stores. Leveraging on the Group's management team and development the Group will utilise its own team dedicated to enhancing various food and beverage outlets across the Group's property developments and projects.

The COVID-19 outbreak has created various changes in consumer habits, in particular pushing consumers towards online shopping and ordering take away. To cope with such changes in consumption behavior, the Group intends to convert its existing property leasing segment from traditional in-store retail tenants to the fast and convenient food and beverage market which will involve more small scale food and beverage providers. The Group will be able to generate rental income from a larger base of tenants and potentially generate significant revenue from profit sharing arrangements with future tenants of the Subject Premises, which will increase the Group's revenue and profit.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Disposal exceeds 25% but all of the applicable percentage ratios are below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

GENERAL

An EGM will be held for the Shareholders to consider, and if thought fit, approve, the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder is materially interested in the Sale and Purchase Agreement. As such, no Shareholder is required to abstain from voting on the resolutions at the EGM accordingly.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder; (ii) a valuation report on the Properties; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the EGM and a form of proxy, is expected to be despatched by the Company to the Shareholders on or before 26 March 2021 as additional time is required to prepare the information for inclusion in the circular.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, or public holiday) on which Hong Kong licensed banks are generally open for business throughout their normal business hours
“China CITIC Bank”	China CITIC Bank Corporation Limited, Shenzhen Branch* (中信銀行股份有限公司深圳分行)
“CITIC Loan A”	the outstanding principal amount of the loan of RMB277.5 million at the date of this announcement payable by Shenzhen Gang Long City to China CITIC Bank in accordance with the terms of the CITIC Loan Agreement A
“CITIC Loan B”	the outstanding principal amount of the loan of RMB40 million at the date of this announcement payable by Sun Century Property to China CITIC Bank in accordance with the terms of the CITIC Loan Agreement B
“CITIC Loans”	collectively CITIC Loan A and CITIC Loan B
“CITIC Loan Agreement A”	the loan agreement dated 11 August 2014 and entered into between China CITIC Bank as lender and Shenzhen Gang Long City as borrower in relation to the provision of loan in the principal amount of RMB400 million
“CITIC Loan Agreement B”	the loan agreement dated 9 June 2013 and entered into between China CITIC Bank as lender and Sun Century Property as borrower in relation to the provision of loan in the principal amount of RMB150 million
“Company”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1383)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement

“Completion Date”	a date within five Business Days after all the conditions precedent set out in the Sale and Purchase Agreement have been fulfilled or waived (as the case may be) (or such other date as shall be agreed by the parties to the Sale and Purchase Agreement)
“Consideration”	the total consideration for the sale and purchase of the Sale Shares
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Debt Restructuring”	has the meaning ascribed thereto under the paragraph headed “Debt Restructuring” in the section headed “THE DISPOSAL” in this announcement
“Deed of Indemnity”	the deed of indemnity to be executed by the Company, the Purchaser and the Disposal Company at Completion
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Company to the Purchaser, pursuant to the Sale and Purchase Agreement
“Disposal Company”	Access Achievement Limited (通達有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries
“Dongyang Xinguang”	Dongyang Xinguang Pacific Industrial Company Limited* (東陽新光太平洋實業有限公司), a wholly-owned subsidiary of the Company
“Effective Date”	the effective date of a definitive lease agreement to be entered into between Shenzhen Sky Alliance and the Potential Lessor under the MOU
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	individual(s) or company(ies) who/which is/are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 21 February 2021 and entered into between Shenzhen Sky Alliance as lessee and Shenzhen City Jiadenuo Enterprises Company Limited* (深圳市佳德諾實業有限公司) as lessor in relation to the Possible Lease of the Subject Premises by Shenzhen Sky Alliance
“Mr. Chiu”	Mr. Chiu King Yan, the agent of Shenzhen Sky Alliance
“Outstanding Litigation”	an outstanding litigation, as disclosed in the interim report of the Company for the six months ended 30 June 2020, in regards to the right of use of an area located at certain investment properties of the Disposal Group pursuant to which the Seized Premises were seized from 10 May 2019 to 9 May 2022 according to the judgments of the People’s Court of Shenzhen dated 7 May 2019 and 27 May 2019
“Possible Lease”	the possible lease of the Subject Premises by Shenzhen Sky Alliance
“Potential Lessor”	Shenzhen City Jiadenuo Enterprises Company Limited* (深圳市佳德諾實業有限公司), a company established in the PRC with limited liability and its ultimate beneficial owner are Independent Third Parties
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Properties”	a portion of Hong Long Plaza, comprising the Gang Long City Shopping Mall and 3 residential units, and certain remaining unsold units in Le Paysage, the particulars of which are set out in the section headed “The Properties” of this announcement
“Property Mortgage”	a mortgage in respect of certain properties located in the PRC which shall be executed by Shenzhen Zirui in favour of Mr. Chiu (as the agent of Shenzhen Sky Alliance)
“Purchaser”	Wit Dragon Limited (睿龍有限公司), a company incorporated in the British Virgin Islands with limited liability
“Remaining Group”	the Group upon Completion
“Repayment Arrangement”	has the meaning ascribed thereto under the paragraph headed “Repayment Arrangement” in the section headed “THE DISPOSAL” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 21 February 2021 and entered into between the Purchaser and the Company in respect of the Disposal
“Sale Shares”	100,000 shares of the Disposal Company, representing the entire issued share capital of the Disposal Company
“Seized Premises”	certain investment properties of the Disposal Group seized pursuant to the Outstanding Litigation
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Gang Long City”	Shenzhen Gang Long City Commercial Management Company Limited* (深圳市港隆城商業管理有限公司), a company established under the laws of the PRC with limited liability and wholly owned by Sun Century Property

“Shenzhen Sky Alliance”	Shenzhen Sky Alliance Property Company Limited* (深圳聯天置業有限公司), a company established under the laws of the PRC with limited liability and wholly owned by the Company
“Shenzhen Sky Alliance Loan”	pursuant to the Shenzhen Sky Alliance Loan Agreements, the actual amount owed by Shenzhen Zirui to Shenzhen Sky Alliance upon completion of the Debt Restructuring that will be repaid under the terms of the Repayment Arrangement and the repayment schedule as outlined in the paragraph headed “Shenzhen Sky Alliance Loan” in the section headed “THE DISPOSAL” in this announcement
“Shenzhen Sky Alliance Loan Agreements”	(i) the loan and guarantee agreements to be entered into among Shenzhen Zirui (as the debtor and the guarantor), Shenzhen Sky Alliance (as the creditor) and Mr. Chiu, as the agent of Shenzhen Sky Alliance; and (ii) the loan agreement to be entered into between Shenzhen Zirui (as the debtor) and Mr. Chiu (as the agent of Shenzhen Sky Alliance), respectively in relation to the Shenzhen Sky Alliance Loan at Completion
“Shenzhen Sun Era”	Shenzhen Sun Era Management Company Limited* (深圳市太陽時代物業服務有限公司), a company established under the laws of the PRC with limited liability and wholly owned by Sun Century Property
“Shenzhen Zirui”	Shenzhen Zirui Real Estate Development Limited* (深圳市紫瑞房地產開發有限公司), a company established under the laws of the PRC with limited liability and wholly owned by Sun Century Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Premises”	The approximately 2,449 square metres area located at Blocks A & B, 5th Floor, Shenzhen Dongyang International Fashion Wholesale Plaza, Nanfang Securities Building, 2018 Construction Road, Luohu District, Shenzhen, the PRC to be potentially leased by the Shenzhen Sky Alliance pursuant to the MOU

“Summit Ascent”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code:102) and a non-wholly owned subsidiary of the Company
“Summit Ascent Group”	Summit Ascent and its subsidiaries from time to time
“Sun Century Property”	Sun Century Property Group Company Limited* (太陽世紀地產集團有限公司), a wholly foreign owned enterprise established under the laws of the PRC with limited liability, and wholly-owned by the Disposal Company
“%”	per cent.

In this announcement, amounts in RMB are translated to HK\$ on the basis of RMB1=HK\$1.20. The conversions are for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at other rates or at all.

* *for identification purposes only*

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

Hong Kong, 21 February 2021

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.