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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)**

#### **(I) CONNECTED TRANSACTION IN RELATION TO THE PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS;**

**AND**

#### **(II) EXTENSION OF MATURITY DATE OF PROMISSORY NOTE**

##### **EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BONDS**

On 8 May 2018 (after trading hours of the Stock Exchange), the Company and Fame Select entered into the Amendment Agreement, to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK\$570,000,000 by 24 months from 7 December 2018 to 7 December 2020. Save for the aforesaid proposed alteration, all other terms and conditions of the outstanding Convertible Bonds shall remain unchanged.

##### **EXTENSION OF MATURITY DATE OF THE PROMISSORY NOTE**

On the same day, Kingdom Rich (a wholly-owned subsidiary of the Company) and Mr. Chau entered into the PN Amendment Letter to extend the maturity date of the outstanding Promissory Note in the principal amount of HK\$5,584,242 by 24 months from 31 August 2018 to 31 August 2020. Save for the extension of the maturity date, all other terms of the Promissory Note shall remain unchanged.

## **LISTING RULES IMPLICATIONS**

Fame Select is owned as to 50% by Mr. Chau, the chairman of the Company and an executive Director, and as to 50% by Mr. Cheng Ting Kong. As at the date of this announcement, Fame Select is interested in 4,345,489,489 Shares, representing approximately 72.17% of the existing issued share capital of the Company, and is the Controlling Shareholder of the Company. Fame Select is thereby a connected person of the Company under the Listing Rules and the Alteration constitutes a connected transaction of the Company which is subject to the reporting, announcement, and independent shareholders' approval under Chapter 14A of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company will make an application for the approval of the proposed Alteration.

## **GENERAL**

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the proposed Alteration. Astrum has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the proposed Alteration. Fame Select, Mr. Chau, Mr. Cheng Ting Kong, and their respective associates shall abstain from voting on the ordinary resolution in relation to the Amendment Agreement and the transactions contemplated thereunder to be proposed at the EGM. 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 Amendment Agreement and the transactions contemplated thereunder. Mr. Chau has also abstained from voting in respect of the relevant Board resolution relating to the Amendment Agreement and the transactions contemplated thereunder.

A circular containing, inter alia, (i) details of Amendment Agreement; (ii) a letter of advice from Astrum to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Agreement and the transactions contemplated thereunder; (iii) a recommendation from the Independent Board Committee in relation to the Amendment Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or before 31 May 2018 in accordance with the Listing Rules.

## **(I) EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BONDS**

### **Background**

Reference is made to the announcements of the Company dated 20 September 2016, 7 October 2016, 13 October 2016, 24 October 2016, 14 November 2016 and 8 December 2016 and the circular of the Company dated 28 October 2016. On 20 September 2016, the Company and Fame Select entered into the CB Subscription Agreement, pursuant to which Fame Select has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds in the principal amount of HK\$570,000,000. The subscription price payable by Fame Select in respect of the subscription of the Convertible Bonds was satisfied by setting off against the balance of a loan with interests accrued thereon owed by the Company to Fame Select in the principal amount of HK\$525,374,700 and the accrued interests of HK\$45,067,579 on a dollar-to-dollar basis. Completion of the CB Subscription Agreement took place on 8 December 2016 and the Convertible Bonds were issued to Fame Select.

The Convertible Bonds are interest-free and convertible into Shares. As at the date of this announcement, the Convertible Bonds in the principal amount of HK\$570,000,000 remain outstanding and would mature on 7 December 2018 pursuant to the original terms and conditions of the CB Subscription Agreement.

### **Amendment Agreement**

On 8 May 2018 (after trading hours of the Stock Exchange), the Company and Fame Select entered into the Amendment Agreement, to extend the maturity date of the outstanding Convertible Bonds by 24 months from 7 December 2018 to 7 December 2020 (i.e. the Alteration). Save for the aforesaid proposed alteration, all other terms and conditions of the outstanding Convertible Bonds shall remain unchanged.

Fame Select is owned as to 50% by Mr. Chau, the chairman of the Company and an executive Director, and as to 50% by Mr. Cheng Ting Kong. As at the date of this announcement, Fame Select is interested in 4,345,489,489 Shares, representing approximately 72.17% of the existing issued share capital of the Company, and is the Controlling Shareholder of the Company. Fame Select is therefore regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

## Conditions Precedent

The Amendment Agreement will only become effective upon all the following conditions having been fulfilled:

- (i) the approval of the Alteration as stipulated under the Amendment Agreement by the Stock Exchange;
- (ii) the passing of an ordinary resolution to approve the Alteration as stipulated under the Amendment Agreement by the Independent Shareholders at the EGM to be held and convened to approve the Amendment Agreement and the transactions contemplated thereunder; and
- (iii) all necessary consents and approvals required to be obtained on the part of the Company and Fame Select in respect of Alteration as stipulated under the Amendment Agreement.

In the event that the above conditions precedent are not fulfilled by 31 August 2018 (or such later date as may be agreed by the Company and Fame Select), the provisions of the Amendment Agreement shall become null and void. For the avoidance of doubt, the Convertible Bonds shall remain valid and effective in accordance with its terms. The Amendment Agreement and all rights and obligations thereunder shall cease and terminate and none of the parties thereto shall have any claim against the other.

The principal terms of the Convertible Bonds after the Amendment Agreement become effective are as follows:

Issue price	:	100% of the principal amount of the Convertible Bonds.
Denomination	:	The Convertible Bonds shall be issued in authorised denomination of HK\$3,000,000 each and integral multiples thereof.
Principal Amount	:	HK\$570,000,000
Interest rate	:	Interest-free.
Maturity date:	:	7 December 2020 (i.e. the Extended CB Maturity Date), or if such date is not a Business Day, the next Business Day

Redemption : Any amount of the Convertible Bonds which remains outstanding on the Extended CB Maturity Date shall be redeemed at its then outstanding principal amount.

The Company may at any time before the Extended CB 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 Extended CB 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\$0.26 per Conversion Share (subject to adjustments).

The initial Conversion Price is subject to customary anti-dilution adjustment(s) contained in the terms of the Convertible Bonds upon the occurrence of, among other things, (i) consolidation or sub-division resulted in the Shares become of a different nominal amount; (ii) capitalisation of profits or reserves; (iii) capital distribution or grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries; and (iv) rights issues, grant of options or warrants to subscribe for new Shares or issue of Shares or convertible or exchangeable securities or modification of rights of conversion, exchange or subscription attaching thereto at less than 80% of the then current market price of the Shares.

Conversion Shares : Based on the initial Conversion Price of HK\$0.26 per Conversion Share (subject to adjustments), a total of 2,192,307,692 Conversion Shares will be issued upon full conversion of the Convertible Bonds.

The Conversion Shares represent:

- (i) approximately 36.41% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 26.69% of the issued share capital of the Company as enlarged by the issue of 2,192,307,692 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 without prior written consent of the Company. The Convertible Bonds may be assigned or transferred in whole or in part (in authorized denominations) of its outstanding principal amount and the Company shall facilitate any such assignment or transfer of the Convertible Bond, 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 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 of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Event 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 days of such event occurring give notice to the holder(s) of the Convertible Bonds. Within ten 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.

Save and except for the extension of the maturity date, all terms and conditions of the Convertible Bonds remain unchanged.



## **REASONS AND BENEFITS FOR THE PROPOSED ALTERATION**

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.

The Convertible Bonds would mature on 7 December 2018 unless further extended. As at the date of this announcement, Fame Select is interested in 4,345,489,489 Shares, representing approximately 72.17% of the existing issued share capital of the Company. In the event that all the outstanding Convertible Bonds are converted, 2,192,307,692 Conversion Shares will be issued to Fame Select, who will be interested in 6,537,797,181 Shares representing approximately 79.60% of the enlarged issued share capital of the Company. In such event, the Company would be in breach of Rule 8.08 of the Listing Rules, which requires at least 25% of the Company's issued share capital to be held by the public at all times. In light of the possible breach, the Board is of the view that it is necessary to extend the maturity date of the Convertible Bonds.

Furthermore, according to the annual report of the Company for the year ended 31 December 2017, the Group has recorded net liabilities as at 31 December 2017. As it is expected that there may be further capital requirements for the business operations of the Company in the near future, the Board is of the view that the Company will not have enough cash to redeem the Convertible Bonds in the next few months or within the forthcoming financial year. As such, the Alteration will enable the Group to postpone a substantial cash outflow and allow the Group to have reasonable time to improve its business performance and financial position.

The Alteration will also allow the Company to have more financial flexibility. In light of the zero coupon rate of the Convertible Bonds and the anticipation of an increase in interest rate in 2018, the Company considers that it is in the interests of the Company and its Independent Shareholders as a whole to utilise its resources for business development and other business opportunities in order to maximise returns to its Shareholders. As such, the Alteration will allow the Group to have additional time to develop its business instead of repaying the Convertible Bonds within a relatively short period.

The Board (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) considers that the terms and conditions of the Amendment Agreement are fair and reasonable and the Alteration is in the interests of the Company and the Shareholders as a whole.

## **(II) EXTENSION OF MATURITY DATE OF PROMISSORY NOTE**

Reference is made to the announcements of the Company dated 14 July 2016 and 31 August 2016. On 14 July 2016, Mr. Chau and Ms. Chau Sui Heng as vendors, Kingdom Rich and Jumpers Action Limited, wholly-owned subsidiaries of the Company, as purchasers, entered into an agreement in relation to, among other things, the acquisition of the entire equity interest in Sun Travel Ltd. (formerly known as “Suncity Group Tourism Limited”). Upon completion of the acquisition, on 31 August 2016, Kingdom Rich issued the Promissory Note in the principal amount of HK\$5,584,242 to Mr. Chau.

The Promissory Note bears zero interest, is repayable within two years from the date of issuance, and is freely transferable or assignable by Mr. Chau to any party (other than a transfer or assignment to connected persons of the Company)

On 8 May 2018, (after trading hours of the Stock Exchange), Mr. Chau and Kingdom Rich entered into the PN Amendment Letter to extend the maturity date of the outstanding Promissory Note in the principal amount of HK\$5,584,242 by 24 months from 31 August 2018 to 31 August 2020.

## **LISTING RULES IMPLICATIONS**

Fame Select is owned as to 50% by Mr. Chau, the chairman of the Company and an executive Director, and as to 50% by Mr. Cheng Ting Kong. As at the date of this announcement, Fame Select is interested in 4,345,489,489 Shares, representing approximately 72.17% of the existing issued share capital of the Company, and is the Controlling Shareholder of the Company. Fame Select is thereby a connected person of the Company under the Listing Rules and the Alteration constitutes a connected transaction of the Company which is subject to the reporting, announcement, and independent shareholders’ approval under Chapter 14A of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company will make an application for the approval of the proposed Alteration.

## **GENERAL**

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the proposed Alteration. Astrum has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the proposed Alteration. Fame Select, Mr. Chau, Mr. Cheng Ting Kong, and their respective associates shall abstain from voting on the ordinary resolution in relation to the Amendment Agreement and the transactions contemplated thereunder to be proposed at the EGM. 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 Amendment Agreement and the transactions contemplated thereunder. Mr. Chau has also abstained from voting in respect of the relevant Board resolution relating to the Amendment Agreement and the transactions contemplated thereunder.

A circular containing, inter alia, (i) details of Amendment Agreement; (ii) a letter of advice from Astrum to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Agreement and the transactions contemplated thereunder; (iii) a recommendation from the Independent Board Committee in relation to the Amendment Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or before 31 May 2018 in accordance with the Listing Rules.

## **DEFINITIONS**

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

“Alteration”	the proposed extension of the maturity date of the Convertible Bonds from 7 December 2018 to 7 December 2020
“Amendment Agreement”	the agreement entered into by the Company and Fame Select on 8 May 2018 to extend the maturity date of the Convertible Bonds set out in the CB Subscription Agreement

“Astrum” or “Independent Financial Adviser”	Astrum Capital Management Limited, a corporation licensed by the SFC to carry Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company 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 Amendment Agreement and the transactions contemplated thereunder
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business and on which the Stock Exchange is open for normal trading, other than a Saturday or a Sunday or a public holiday or a day on which a “black” rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“BVI”	the British Virgin Islands
“CB Subscription Agreement”	the agreement dated 20 September 2016 entered into between the Company and Fame Select in relation to the subscription of the Convertible Bonds by Fame Select
“Company”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1383)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.26 per Conversion Share, subject to adjustments

“Conversion Shares”	new Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the zero coupon convertible bonds in the aggregate principal amount of HK\$570,000,000 issued by the Company to Fame Select in accordance with the terms of the CB Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, in respect of the proposed Alteration
“Extended CB Maturity Date”	7 December 2020
“Fame Select”	Fame Select Limited, a company incorporated in the BVI with limited liability, which is interested in 4,345,489,489 Shares, representing approximately 72.17% of the existing issued share capital of the Company, and the Controlling Shareholder as at the date of this announcement
“Group”	the Company and its subsidiaries
“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 will be established to make recommendations to the Independent Shareholders in respect of the terms of the resolutions in respect of the proposed Alteration
“Independent Shareholders”	Shareholders other than Fame Select, Mr. Chau, Mr. Cheng Ting Kong, and their respective associates
“Kingdom Rich”	Kingdom Rich Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chau”	Mr. Chau Cheok Wa, the chairman of the Company, and an executive Director
“PN Amendment Letter”	the amendment letter entered into by Kingdom Rich and Mr. Chau on 8 May 2018 to extend the maturity date of the outstanding Promissory Note by 24 months from 31 August 2018 to 31 August 2020
“Promissory Note”	zero interest promissory note in the aggregate principal amount of HK\$5,584,242 issued by Kingdom Rich to Mr. Chau in accordance with the terms and conditions of the agreement entered into between Mr. Chau, Ms. Chau Sui Heng, Kingdom Rich and Jumpers Action Limited
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 May 2018

*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.*