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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)

MAJOR TRANSACTION: ACQUISITION OF INTEREST IN SUMMIT ASCENT

Reference is made to the announcement dated 1 June 2020 of Summit Ascent on, amongst other matters, the SA Rights Issue and the Whitewash Waiver.

On 1 June 2020, Victor Sky (a direct wholly-owned subsidiary of the Company), conditionally agreed to underwrite the Underwritten Shares as underwriter on and subject to the terms and conditions of the Underwriting Agreement.

The taking up of the Underwritten Shares by Victor Sky as underwriter under and pursuant to the Underwriting Agreement will constitute an acquisition of interest in Summit Ascent by the Company.

As the applicable percentage ratios in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 and is subject to announcement and Shareholders' approval requirements under Chapter 14.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition.

A circular containing, among others, information on the Acquisition and the Underwriting Agreement and other information as is required to be contained in it under the Listing Rules, together with a notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 30 June 2020 as additional time is required to prepare the information for inclusion in the circular.

THE ACQUISITION

Reference is made to the announcement dated 1 June 2020 of Summit Ascent on, amongst other matters, the SA Rights Issue and the Whitewash Waiver.

On 1 June 2020, Victor Sky (a direct wholly-owned subsidiary of the Company), conditionally agreed to underwrite the Underwritten Shares as underwriter on and subject to the terms and conditions of the Underwriting Agreement.

The taking up of the Underwritten Shares by Victor Sky as underwriter under and pursuant to the Underwriting Agreement will constitute an acquisition of interest in Summit Ascent by the Company. If all the Underwritten Shares are taken up by Victor Sky, the acquisition of interest in Summit Ascent will constitute a major transaction for the Company, the implications of the Listing Rules are set out in “Implications of the Listing Rules” in this Announcement.

The Underwriting Agreement

The date, parties and principal terms and conditions of the Underwriting Agreement relating to the SA Rights Issue pursuant to which Victor Sky could be required to take up the Underwritten Shares are as follows:

Date	:	1 June 2020
Entity proposing the SA Rights Issue	:	Summit Ascent
Underwriter	:	Victor Sky, a direct wholly-owned subsidiary of the Company and a substantial shareholder of Summit Ascent currently holding approximately 22.01% interest in Summit Ascent
Total number of Underwritten Shares	:	all the SA Rights Shares other than the Committed SA Shares, being not less than 2,036,204,058 SA Rights Shares and not more than 2,066,975,058 SA Rights Shares
Subscription price for the Underwritten Shares	:	The subscription price for the Underwritten Shares is HK\$0.6 per SA Rights Share.

On the basis of a maximum number of Underwritten Shares (i.e. 2,066,975,058 SA Rights Shares) to be underwritten and taken up by Victor Sky pursuant to the Underwriting Agreement, the aggregate consideration for the Underwritten Shares will be HK\$1,240,185,034.80.

In case Victor Sky has to take up the Underwritten Shares under the Underwriting Agreement, the aggregate subscription price for the Underwritten Shares shall be paid by Victor Sky on the settlement date which shall be the sixth business day after the latest time for acceptance of the SA Rights Shares (or such later time as may be agreed between Summit Ascent and Victor Sky).

The funding required in payment of the aggregate subscription price for the Underwritten Shares will be financed by the Controlling Shareholder Facility.

Underwriting Commission : Victor Sky will not be receiving any underwriting commission

Conditions Precedent : The obligations of Victor Sky to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement are conditional on the fulfilment (or waiver, if applicable, by Victor Sky) of the following conditions:

- (1) Summit Ascent despatching its circular in connection with, among other matters, the SA Rights Issue and the passing of the resolutions for approving the SA Rights Issue and the increase in authorised share capital of Summit Ascent from HK\$80,000,000 to HK\$150,000,000 at the SA SGM;
- (2) the approval by the independent shareholders of Summit Ascent of the SA Rights Issue, the Underwriting Agreement (and the transactions contemplated under the Underwriting Agreement) (more than 50% of the independent shareholders of Summit Ascent), and the Whitewash Waiver (at least 75% of the independent shareholders of Summit Ascent), in each case by way of poll at the SA SGM in accordance with the Listing Rules and the Takeovers Code by no later than the date of despatch of the prospectus of Summit Ascent containing details of the SA Rights Issue;
- (3) the grant by the Executive of the Whitewash Waiver (and such grant not having been withdrawn or revoked) and the satisfaction of any condition as may be attached to the Whitewash Waiver granted;

- (4) the grant (or agreement to grant) by the Listing Committee of the Stock Exchange (and such grant not having been withdrawn or revoked) of the listing of and permission to deal in all the SA Rights Shares (in their nil-paid and fully-paid forms) (subject only to allotment and despatch of the appropriate documents of title) by no later than the business day prior to the commencement of trading of the SA Rights Shares (in their nil-paid and fully-paid forms respectively);
- (5) the delivery of the prospectus of Summit Ascent containing details of the SA Rights Issue to the Stock Exchange and the issue by the Stock Exchange on or prior to the date of despatch of the prospectus of Summit Ascent containing details of the SA Rights Issue of a certificate authorising registration of the prospectus of Summit Ascent containing details of the SA Rights Issue with the Registrar of Companies in Hong Kong;
- (6) registration of the prospectus of Summit Ascent containing details of the SA Rights Issue (and other documents required to be attached thereto) with the Registrar of Companies in Hong Kong on or before the date of despatch of the prospectus of Summit Ascent containing details of the SA Rights Issue;
- (7) the posting of the prospectus of Summit Ascent containing details of the SA Rights Issue to those SA Shareholders who are qualified to participate in the SA Rights Issue on the date of despatch of the prospectus of Summit Ascent containing details of the SA Rights Issue;
- (8) the SA Shares remain listed on the Stock Exchange and no indication being received before the Latest Time for Termination from the Stock Exchange that such listing may be withdrawn or objected to (or conditions will or may be attached thereto);

- (9) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the SA Rights Shares pursuant to the SA Rights Issue;
- (10) the compliance with and performance of all the obligations and undertakings of Summit Ascent under the Underwriting Agreement and by the time specified;
- (11) no breach of any of the warranties of Summit Ascent contained in the Underwriting Agreement by the Latest Time for Termination;
- (12) subject to the granting of the Whitewash Waiver, Victor Sky and the Company complying with their irrevocable undertakings to Summit Ascent to accept and pay for in full the Committed SA Shares;
- (13) the two independent non-executive directors of Summit Ascent who are holding share options granted by Summit Ascent pursuant to its share option scheme adopted on 7 July 2011 providing their respective undertakings not to exercise the share options held by each of them and complying with such undertakings;
- (14) the placing agreement dated 1 June 2020 for the placing of, among others, the unsubscribed SA Rights Shares not being terminated on or before the Latest Time for Termination;
- (15) the Underwriting Agreement not being terminated by Victor Sky pursuant to its terms on or before the Latest Time for Termination; and
- (16) (where required) the approval by the Shareholders of the acquisition of interest in Summit Ascent as a result of taking up of the Underwritten Shares pursuant to the Underwriting Agreement.

None of Summit Ascent and Victor Sky may waive the Conditions Precedent set out in the above conditions (1) to (9) and (12) to (16). Victor Sky may waive the Conditions Precedent set out in the above conditions (10) to (11) in whole or in part by written notice to Summit Ascent.

If the Conditions Precedent are not satisfied and/or waived (to the extent such conditions precedent are capable of being waived) in whole or in part by the latest time for acceptance of the SA Rights Shares, tentatively 12 August 2020 (or such later time or date as may be agreed between Summit Ascent and Victor Sky), the Underwriting Agreement shall terminate and (save in respect of any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

Termination

: If at any time prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, or come into effect:

- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever; or
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
- (3) any material adverse change in the business or in the financial or trading position or prospects of the SA Group as a whole; or
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (5) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the SA Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
- (6) any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs,

which event or events is or are in the reasonable opinion of Victor Sky:

- (a) likely to have a material adverse effect on the business or the financial or trading position or prospects of the SA Group as a whole; or
- (b) likely to have a material adverse effect on the success of the SA Rights Issue or might cause a prudent investor not to accept the SA Rights Shares provisionally allotted to it; or
- (c) make it inexpedient or inadvisable to proceed further with the SA Rights Issue,

Victor Sky shall be entitled by a notice in writing to Summit Ascent, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If prior to the Latest Time for Termination any such notice as is referred to above is given by Victor Sky, all obligations of Victor Sky under the Underwriting Agreement shall cease and determine. If the Underwriting Agreement is terminated, the SA Rights Issue will not proceed.

INFORMATION OF SUMMIT ASCENT

General information

Summit Ascent is a company incorporated in Bermuda with limited liability, and the SA Shares of which are listed on the Main Board of the Stock Exchange (stock code: 102).

Summit Ascent is an investment holding company with the SA Group principally engaged in the operation of the hotel and gaming business in the Integrated Entertainment Zone in the Russian Federation.

Financial information

The following is a summary of the audited consolidated financial information of the SA Group for the periods as stated below:

	For the year ended	
	31 December	31 December
	2018	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Audited net profit before tax	4.16	106.96
Audited net profit after tax	4.06	106.85

The following is the audited consolidated net asset value of the SA Group as at the dates specified below:

	As at	
	31 December	31 December
	2018	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Audited consolidated net asset value	1,626.58	2,036.41

FINANCIAL EFFECTS OF THE ACQUISITION

The Group is currently holding an aggregate of approximately 24.74% interest in Summit Ascent with the Company holding approximately 2.73% interest and Victor Sky (a direct wholly-owned subsidiary of the Company) holding approximately 22.01% interest. The Company and Victor Sky are substantial shareholders of Summit Ascent.

If the Underwriting Agreement becomes unconditional, not otherwise terminated by Victor Sky in accordance with its terms and Victor Sky is required to take up all the Underwritten Shares, Summit Ascent will become an indirect subsidiary of the Company as the Company and Victor Sky (a direct wholly-owned subsidiary of the Company), in aggregate, will be interested in approximately 69.78% interest in Summit Ascent (assuming all outstanding share options (other than those held by two independent non-executive SA Directors) granted by Summit Ascent pursuant to its share option scheme adopted on 7 July 2011 are exercised in full on or prior to the record date of the SA Rights Issue). The financial results of Summit Ascent will be accounted for as a subsidiary of the Company in that case and will be consolidated in the consolidated financial statements of the Company.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) property development in Guangdong and Anhui Provinces in the PRC; (ii) property leasing in Shenzhen in the PRC; (iii) provision of hotel and integrated resort general consultancy service in Vietnam; and (iv) provision of travel related products and service. 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, including Vietnam and Korea.

REASON FOR, AND BENEFITS OF, THE UNDERWRITING AGREEMENT AND THE ACQUISITION

The principal business of the SA Group in the operation of the hotel and gaming business is in line with the Group's current and expanding investments in the hotel and gaming related business. The SA Rights Issue provides a channel through which the funding need of the SA Group for its business development and investment can be met. The participation of the Group in the SA Rights Issue in committing to subscribe for the Committed SA Shares and acting as an underwriter to the SA Rights Issue, is expected to foster SA Shareholders' confidence in the SA Group and promote the success of the SA Rights Issue which is not only solely for the good of the SA Group but also for that of the Group with the Company and Victor Sky as its substantial shareholders.

The Directors consider that the Underwriting Agreement and the Acquisition are on terms fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

The Acquisition

The taking up of the Underwritten Shares by Victor Sky as underwriter under and pursuant to the Underwriting Agreement will constitute an acquisition of interest in Summit Ascent by the Company.

As the applicable percentage ratios in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 and is subject to announcement and Shareholders' approval requirements under Chapter 14.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition.

At the EGM, any Shareholder with a material interest or potential conflict of interest in the Acquisition and the transaction will be required to abstain from voting on the resolution to be put forward to the Shareholders for approving the Acquisition. Fame Select, the controlling shareholder of the Company, is 50% owned by Mr. Chau who is a Director as well as a SA Director is regarded as having a material interest or potential conflict of interest in the Acquisition. Fame Select and its associates will abstain from voting on such resolution at the EGM.

A circular containing, among others, information on the Acquisition and the Underwriting Agreement and other information as is required to be contained in it under the Listing Rules, together with a notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 30 June 2020 as additional time is required to prepare the information for inclusion in the circular.

The Controlling Shareholder Facility

Star Hope Limited, the lender of the Controlling Shareholder Facility, is a connected person of the Company for it being a company wholly-owned by Mr. Chau who is a controlling shareholder of the Company.

The Controlling Shareholder Facility constitutes a connection transaction for the Company under Chapter 14A. The annual interest rate on the loan as may be advanced under the Controlling Shareholder Facility from time to time is 3.5% per annum which is well below the best lending rate of more than 5% per annum for Hong Kong dollars advances as quoted by leading licensed banks in Hong Kong including the Hongkong and Shanghai Banking Corporation Limited, the Bank of China (Hong Kong) Limited and the Hang Seng Bank Limited. The Board is of the view that the Controlling Shareholder Facility is on better terms to the Group. On that basis and given that the Controlling Shareholder Facility is not secured by any assets of the Group, the Controlling Shareholder Facility is fully exempt from announcement, reporting and approval of independent Shareholders under Chapter 14A.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions have the following meanings when used herein.

“Acquisition”	the acquisition of interest in Summit Ascent as a result of the taking up of up to a maximum of all the Underwritten Shares by Victor Sky under and pursuant to the Underwriting Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Committed SA Shares”	an aggregate of 669,462,696 SA Rights Shares to be offered to and subscribed by Victor Sky and the Company under their respective entitlements pursuant to the SA Rights Issue
“Company”	Suncity Group Holdings Limited (太陽城集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1383)
“Conditions Precedent”	the conditions precedent to the Underwriting Agreement as set out in “The Acquisition – The Underwriting Agreement – Conditions Precedent” in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder Facility”	the loan facility from Star Hope Limited to the Company up to the extent of HK\$1,650,000,000 at an annual interest rate of 3.5%
“Directors”	the directors of the Company and a “Director” has the corresponding meaning
“EGM”	the extra-ordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Acquisition
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Fame Select”	Fame Select Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Time for Termination”	4:30 p.m. on the first business day immediately after the latest time for acceptance of the SA Rights Shares, tentatively 13 August 2020, or such later time as may be agreed between Summit Ascent and Victor Sky, being the latest time for termination of the Underwriting Agreement by Victory Sky under the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chau”	Mr. Chau Cheok Wa, (a) an executive Director, the chairman of the Company and a controlling shareholder of the Company; and (b) the chairman of Summit Ascent and a non-executive SA Director

“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“SA Board”	the board of SA Directors
“SA Directors”	the directors of Summit Ascent and a “SA Director” has the corresponding meaning
“SA Group”	Summit Ascent and its subsidiaries from time to time
“SA Rights Issue”	the proposed issue of the SA Rights Shares by way of rights on the basis of three (3) SA Rights Shares for every two (2) SA Shares held on the record date for the SA Rights Issue at a subscription price of HK\$0.6 per SA Rights Share payable in full on acceptance pursuant to the relevant prospectus documents in connection with the SA Rights Issue
“SA Rights Shares”	SA Shares to be issued and allotted under the SA Rights Issue
“SA Shareholder”	the holder of any SA Share or SA Shares
“SA Shares”	ordinary shares of HK\$0.025 each in the issued share capital of Summit Ascent
“SA SGM”	the special general meeting of Summit Ascent to be convened and held to consider, among others, the SA Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	the holder(s) of any Share or Shares
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Summit Ascent”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, and the SA Shares of which are listed on the Main Board of the Stock Exchange (stock code: 102)
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 1 June 2020 entered into between Victor Sky as underwriter and Summit Ascent in relation to the underwriting arrangement in respect of the SA Rights Issue by which Victor Sky conditionally agrees to underwrite the Underwritten Shares
“Underwritten Shares”	the SA Rights Shares (other than the Committed SA Shares) being not less than 2,036,204,058 SA Rights Shares and not more than 2,066,975,058 SA Rights Shares to be underwritten by Victor Sky pursuant to the terms and conditions of the Underwriting Agreement
“Victor Sky”	Victor Sky Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, (a) a direct wholly-owned subsidiary of the Company; and (b) a substantial shareholder of Summit Ascent and the underwriter to the SA Rights Issue under the Underwriting Agreement
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of Victor Sky to make a mandatory general offer to the SA Shareholders in respect of the SA Shares not already owned or agreed to be acquired by Victor Sky and parties acting in concert with it as a result of the taking up of the Underwritten Shares pursuant to the Underwriting Agreement that would bring the aggregate interest of Victor Sky and parties acting in concert with it in Summit Ascent to or above 30%
“%”	per cent

Note:

In this announcement, unless otherwise stated, all references to Rules and Chapters are references to Rules and Chapters of the Listing Rules.

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

Hong Kong, 1 June 2020

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.