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SUNCITY GROUP HOLDINGS LIMITED

太陽城集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

**DISCLOSEABLE TRANSACTION:
PROVISION OF FINANCIAL ASSISTANCE
AND
ADVANCE TO ENTITY**

On 6 July 2020, the Lender (being Star Admiral, an indirect wholly owned subsidiary of the Company) entered into the Shareholder Loan Agreement with GYE (as borrower), pursuant to which the Lender has agreed to advance the Loan in the principal amount of US\$30,000,000 to GYE for provision of further financing to the Project.

As certain applicable percentage ratios in respect of the Shareholder Loan Agreement in aggregate with the Advances A (as defined as below) and Advances B (as defined as below) under the Previous Loan Agreements are more than 5% but all such ratios are below 25%, the entering into of the Shareholder Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Group has made Advances A (as defined as below) and Advances B (as defined as below) under the Previous Loan Agreements to GYE, which in aggregate with the Loan, exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, a general disclosure obligation under Rule 13.13 of the Listing Rules is also triggered.

INTRODUCTION

GYE is a joint venture company respectively held as to 50% by Star Admiral (an indirect wholly owned subsidiary of the Company) and as to 50% by Alpha Era. GYE and its subsidiaries are principally engaged in the Project, which is an integrated resort development project located in Hoi An South, Quang Nam Province, an emerging tourist destination in Vietnam. The Project will consist of tourism areas, an integrated resort complex and residential areas. For further details of the latest status of development of the Project, please refer to the announcement of the Company dated 15 May 2020.

The Board announces that after arm's length negotiations, the Lender (being Star Admiral, an indirect wholly owned subsidiary of the Company) entered into the Shareholder Loan Agreement with GYE (as borrower), pursuant to which the Lender has agreed to advance the Loan in the principal amount of US\$30,000,000 to GYE for provision of further financing to the Project. Set out below are the principal terms of the Shareholder Loan Agreement.

THE SHAREHOLDER LOAN AGREEMENT

Date: 6 July 2020 (after trading hours)

Parties:

- (1) the Lender (being Star Admiral, an indirect wholly owned subsidiary of the Company) as lender
- (2) GYE as borrower

Pursuant to the Shareholder Loan Agreement, the Lender agrees to advance the Loan of US\$30,000,000 to GYE subject to and conditional upon the terms and conditions set out in the Shareholder Loan Agreement. The Loan is expected to be drawn on or before 10 July 2020.

GYE is a joint venture company formed by Star Admiral and Alpha Era and is owned in equal share by Star Admiral and Alpha Era. GYE and its subsidiaries are principally engaged in investment and development of the Project. Alpha Era is a company incorporated in the BVI with limited liability and is principally engaged in investment holdings. To the best of the Directors' knowledge, information and belief, save for its 50% equity interests in GYE, Alpha Era and its ultimate beneficial owner(s) are Independent Third Parties.

Loan Amount: US\$30,000,000

- Interest:** at the rate of 14% per annum, and accrued interest is generally payable every three months
- Overdue Interest:** at the rate of 25% per annum, accrued on the outstanding principal amount of the Loan (together with any accrued interest and other monies payable under this Agreement) from the due date up to the date of actual payment (both before and after any demand or judgment/award)
- Term:** term of the Loan shall be twelve (12) months from the first drawdown date of the Loan (the “**Initial Term**”). The maturity date of the Initial Term may be extended up to 28 February 2022, as agreed by both parties in writing
- Repayment:** GYE shall repay the principal amount and any accrued interest of the Loan upon the expiry of the Initial Term (or the extended maturity date)
- Early Repayment:** If and only if the maturity date of the Initial Term is extended (as mentioned in the sub-paragraph headed “Term” above), GYE may (after the expiry of the said 12-month period) repay the whole (and not in part) of the principal amount of the Loan (together with all accrued interests, fees and charges) by one single payment, subject to: (i) GYE shall have delivered a prepayment notice to the Lender not less than ten (10) Business Days’ prior notice; and (ii) GYE shall pay the Lender a prepayment fee equal to 1% of the whole principal amount of the Loan
- Upfront fee:** 1.5% of the Loan, which shall be paid by GYE to the Lender
- Purpose:** The Loan will be advanced to GYE (or HASD directly) to finance the Project

For the avoidance of doubt, Alpha Era (being the joint venture partner which holds 50% equity interest in GYE) will also enter into another agreement on the same terms of the Shareholder Loan Agreement for the advancement of the same amount of shareholder’s loan to GYE. Two separate loan agreements have also been entered into on 6 July 2020 regarding the HASD Loans, which comprised: (i) a loan agreement entered into amongst others, GYE (as lender) and HASD (as borrower) regarding the Loan to be advanced to HASD; and (ii) a loan agreement on the same terms representing an identical arrangement on the part of Alpha Era. As a result, an aggregate of US\$60,000,000 will be advanced to HASD.

The HASD Loans will be secured by, among other collaterals, an assets debenture over all of HASI's assets and a mortgage of 66% of the charter capital of HASD.

In the event that any of the HASD Loans is default or any event of default under the respective loan agreement occurs, (i) all existing shareholder's loans due from HASI to GYE and VinaCapital will automatically convert into share capital of HASI; (ii) VinaCapital has an option to require GYE to assign part of the HASD Loans (and any amount payable in connection therewith) to VinaCapital (being the other shareholder of HASI) in the proportion which is same as the proportion of respective shareholdings of GYE and VinaCapital in HASI (after taking into account the conversion) on a dollar-to-dollar basis, such assigned portion will automatically convert into share capital of HASI; and (iii) GYE has an option to convert the remaining unassigned portion of the HASD Loans into share capital of HASI.

REASONS FOR THE SHAREHOLDER LOAN AGREEMENT

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.

The making of the Loan under the Shareholder Loan Agreement constitutes provision of financial assistance by the Group under the Listing Rules. The Loan amount and terms were determined after arm's length negotiations having taking into consideration of the capital needs of HASD for its business development in the Project. The Loan will be financed by a controlling shareholder facility granted by a company wholly owned by Mr. Chau Cheok Wa, an executive Director, the Chairman and a controlling shareholder of the Company.

Given that (i) that GYE is a 50% owned joint venture of the Group and GYE in turn has about 68.09% indirect equity interest in HASD, hence allowing close supervision of the use of Loan proceeds and (ii) the collaterals for the HASD Loans, the Company considers that GYE (or HASD on behalf of GYE) would have the capacity to repay the Loan when due. Further, Alpha Era will advance to GYE the same amount of shareholder's loan on the same terms of the Shareholder Loan Agreement to GYE. GYE is a 50% joint venture of the Group, and the Group has substantial stakes in GYE and the Project. In addition, the Certification for the Eligibility for Casino Business in relation to the casino operation of the Project in Vietnam was granted in May 2020, and the soft opening of the Project which took place on 28 June 2020 and revenue and operating cashflows are expected to generated. As such, HASD will be able to repay the HASD Loans to GYE or to repay the Loan to the Group.

In light of the increasing demand for tourism-related business in the South East Asia region, the Board holds a positive outlook for the Project in the future and it is expected that the Group will benefit from the future success of GYE and the Project. It is necessary for GYE and the Project to have sufficient fund for its future business development and to meet its capital needs for development. With the growth potentials of the Project and the interest income derived from the Loan and respective financial assistance to the Project, the Board considers that the Shareholder Loan Agreement and the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Taking into account of the aforesaid, the Directors (including the independent non-executive Directors) consider that the entering into of the Shareholder Loan Agreement and the terms and conditions of the Shareholder Loan Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios in respect of the Shareholder Loan Agreement in aggregate with the Advances A (as defined below) and Advances B (as defined below) under the Previous Loan Agreements are more than 5% but all such ratios are below 25%, the entering into of the Shareholder Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As disclosed in the annual report of the Company for the year ended 31 December 2019, the Group has advanced approximately RMB444,309,000 (equivalent to approximately US\$64,955,799) to GYE (the “**Advances A**”). Such Advances A have been provided by the Group to GYE to support the development of the Project. The Advances A have been provided on a pro-rata basis by reference to the percentage of shareholdings held by the Group in GYE. The Advances A are provided in the form of shareholder’s loans by Star Admiral which are interest free, unsecured and repayable upon demand.

As disclosed in the announcements of the Company dated 7 January 2020 and 6 March 2020, Star Admiral as lender entered into the Previous Loan Agreements with GYE, pursuant to which Star Admiral has advanced loans in the aggregate principal amount of US\$34,045,000 to GYE (the “**Advances B**”). Please refer to the announcements of the Company dated 7 January 2020 and 6 March 2020 for further details of the Previous Loan Agreements.

Such Advances A and Advances B to GYE in aggregate with the Loan under the Shareholder Loan Agreement exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, and a general disclosure obligation on the part of the Company under Rule 13.13 of the Listing Rules is triggered. The Company will comply with the relevant disclosure requirements according to Rule 13.20 of the Listing Rules for so long as circumstances giving rise to the aforesaid disclosure obligations continue to exist.

DEFINITIONS

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

“Alpha Era”	Alpha Era Investments Limited, a company incorporated in the BVI with limited liability and an Independent Third Party
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Suncity Group Holdings Limited (太陽城集團控股有限公司), 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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“GYE”	Gold Yield Enterprises Limited, a company incorporated in the BVI with limited liability and is respectively owned as to 50% by Star Admiral and as to 50% by Alpha Era
“HASD”	Hoi An South Development Ltd, a company incorporated in Vietnam (being a wholly-owned subsidiary of HASI) and the owner of the Project.
“HASD Loans”	the loans to be advanced by GYE to HASD for investment and development of the Project
“HASI”	Hoi An South Investments Pte. Ltd., a company incorporated Singapore with limited liability and owned as to approximately 68.09% by GYE and approximately 31.91% by VinaCapital
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Lender”	Star Admiral, an indirect wholly owned subsidiary of the Company), being the lender under the Shareholder Loan Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan to be advanced by the Lender to GYE under the Shareholder Loan Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Previous Loan Agreements”	the loan agreements dated 7 January 2020 and 6 March 2020 respectively and entered into between Star Admiral and GYE as disclosed in the announcements of the Company dated 7 January 2020 and 6 March 2020 respectively
“Project”	an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam and engaged by GYE and its subsidiaries
“Shareholder Loan Agreement”	the loan agreement dated 6 July 2020 and entered into between the Lender (as lender) and GYE (as borrower)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Star Admiral”	Star Admiral Limited, a company incorporated in the BVI with limited liability and an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

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

Hong Kong, 6 July 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.