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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 TRANSACTIONS: CONSTRUCTION AGREEMENTS IN RELATION TO CONSTRUCTION OF MAIN HOTEL CASINO

On 13 November 2020, SunTrust entered into the Construction Agreement I and Construction Agreement II with Megawide appointing Megawide as the contractor to undertake certain of the construction works of the Main Hotel Casino, with the date of the agreements, parties and terms as set out in “CONSTRUCTION AGREEMENTS” below.

The Main Hotel Casino to be constructed or otherwise developed under the Construction Agreements is for the Group’s own use in its usual course of business, the transactions contemplated under each of the Construction Agreements are not required to be aggregated with the other and treated as one transaction on the sole basis of the factor set out in Rule 14.23(3) (i.e. involving the acquisition of parts of one asset).

Nonetheless, the counterparty to each of the Construction Agreements is the same party (i.e. Megawide), the Construction Agreements will have to be aggregated with each other under Rule 14.23(1) when determining their classification under Chapter 14. As some of the applicable percentage ratios (as defined under Chapter 14) in respect of the Construction Agreements on an aggregated basis exceed 5% but all are less than 25%, the Construction Agreements constitute discloseable transactions for the Company under Chapter 14 and are subject to the reporting and announcement requirements under Chapter 14.

INTRODUCTION

On 13 November 2020, SunTrust entered into the Construction Agreement I and Construction Agreement II with Megawide appointing Megawide as the contractor to undertake certain of the construction works of the Main Hotel Casino, with the date of the agreements, parties and terms as set out below.

CONSTRUCTION AGREEMENTS

Construction Agreement I

Date: 13 November 2020

Parties:

- (i) SunTrust, as employer
- (ii) Megawide, as main contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Megawide and its controlling shareholders is an Independent Third Party.

Subject matter: Megawide as main contractor is to undertake the construction of the basement, podium and tower of the Main Hotel Casino (the "**Works I**").

Project site: Lot 5 & 6, Jose W. Diokno Boulevard, Barangay Tambo, Paranaque City, Philippines upon which the Main Hotel Casino is to be erected.

Contract sum: The contract sum payable by SunTrust to Megawide under the Construction Agreement I shall be PHP4,017,000,000 (equivalent to approximately HK\$644.9 million).

The contract sum is inclusive of value added tax and other necessary duties, fees and taxes and call costs necessary for the proper execution of the Works I.

The contract sum is payable in the following manner:

- (i) 25% of the contract sum (i.e. PHP1,004,250,000 (equivalent to approximately HK\$161.2 million)) as advance payment (“**25% Advance Payment**”) shall be released to Megawide during the month of December 2020 at SunTrust’s discretion after submission by Megawide to SunTrust of an advance payment bond in an amount same as the 25% Advance Payment; and
- (ii) the balance of the contract sum shall be paid by SunTrust to Megawide on a progress basis commensurate with the completion progress (or percentage completion) of the Works I. SunTrust shall within 28 calendar days from the date of issue of the interim certificate effect payment of the amount set out in the interim certificate as may be issued by Megawide on a monthly basis.

The contract sum payable by SunTrust under the Construction Agreement I will be financed by funds raised by SunTrust for financing the development and construction of the Main Hotel Casino.

The contract sum payable by SunTrust under the Construction Agreement I was determined after arm’s length negotiation with Megawide with reference to the estimated cost of the construction works, the market price of projects of similar nature, and tender prices of the tenderers. Megawide was considered the most suitable tenderer as they have vast experiences as main contractor for various construction projects.

Defects liability period:

12 months from the date of taking over by SunTrust of the basement, podium and tower of the Main Hotel Casino.

Completion date:

Within 910 calendar days from the date of commencement of the Construction Agreement I, which is no later than 14 calendar days upon signing of the Construction Agreement I.

Construction Agreement II

Date: 13 November 2020

Parties:

- (i) SunTrust, as employer
- (ii) Megawide, as main contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Megawide and its controlling shareholders is an Independent Third Party.

Subject matter: Megawide as main contractor is to undertake the construction work of pile cap, excavation and lateral support and additional pile cap area of the Main Hotel Casino (the "**Works II**").

Project site: Lot 5 & 6, Jose W. Diokno Boulevard, Barangay Tambo, Paranaque City, Philippines upon which the Main Hotel Casino is to be erected.

Contract sum: The contract sum payable by SunTrust to Megawide under the Construction Agreement II shall be PHP2,268,888,888 (equivalent to approximately HK\$364.3 million).

The contract sum is inclusive of value added tax and other necessary duties, fees and taxes and call costs necessary for the proper execution of the Works II.

The contract sum is payable in the following manner:

- (i) 28% of the contract sum (i.e. PHP635,288,888 (equivalent to approximately HK\$102.0 million)) as advance payment ("**28% Advance Payment**") shall be released to Megawide after submission by Megawide to SunTrust of an advance payment bond in an amount same as the 28% Advance Payment; and

- (ii) the balance of the contract sum shall be paid by SunTrust to Megawide on a progress basis commensurate with the completion progress (or percentage completion) of the Works II. SunTrust shall within 28 calendar days from the date of issue of the interim certificate effect payment of the amount set out in the interim certificate as may be issued by Megawide on a monthly basis.

The contract sum payable by SunTrust under the Construction Agreement II will be financed by funds raised by SunTrust for financing the development and construction of the Main Hotel Casino.

The contract sum payable by SunTrust under the Construction Agreement II was determined after arm's length negotiation with Megawide with reference to the estimated cost of the construction works, the market price of projects of similar nature, and tender prices of the tenderers. Megawide was considered the most suitable tenderer as they have vast experiences as main contractor for various construction projects.

Defects liability period: 12 months from the date of taking over by SunTrust of the construction work of pile cap, excavation and lateral support and additional pile cap area of the Main Hotel Casino.

Completion date: Within 252 calendar days from the date of commencement of the Construction Agreement II, which is no later than 14 calendar days upon signing of the Construction Agreement II.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION AGREEMENTS

Contractors have to be appointed to carry out construction work for the construction of the Main Hotel Casino. By the Construction Agreements, Megawide is appointed as the main contractor for the Works.

The Directors consider that each of the Construction Agreements is on terms fair and reasonable and in the interests of the Company and the Shareholders as a whole.

No Director is interested in the Construction Agreements and none of the Directors was required to abstain from voting on the resolution of the Board approving the Construction Agreements.

LISTING RULES IMPLICATIONS

The Main Hotel Casino to be constructed or otherwise developed under the Construction Agreements is for the Group's own use in its usual course of business, the transactions contemplated under each of the Construction Agreements are not required to be aggregated with the other and treated as one transaction on the sole basis of the factor set out in Rule 14.23(3) (i.e. involving the acquisition of parts of one asset).

Nonetheless, the counterparty to each of the Construction Agreements is the same party (i.e. Megawide), the Construction Agreements will have to be aggregated with each other under Rule 14.23(1) when determining their classification under Chapter 14. As some of the applicable percentage ratios (as defined under Chapter 14) in respect of the Construction Agreements on an aggregated basis exceed 5% but all are less than 25%, the Construction Agreements constitute discloseable transactions for the Company under Chapter 14 and are subject to the reporting and announcement requirements under Chapter 14.

INFORMATION OF MEGAWIDE

Megawide is a company incorporated in the Philippines, the shares of which are listed on the PSE. Megawide is principally engaged in the general construction business, including constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures. It performs other allied construction business like the construction and sale of precast items, concrete production, and purchase, sale and/or lease of formworks system and construction equipment.

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; (iv) provision of travel related products and services; (v) development and operation of integrated resort in the Philippines; and (vi) 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 resorts and provision of hotel and integrated resort general consultancy services in the South East Asia region.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued Shares listed on the Main Board of the Stock Exchange (stock code: 1383)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Construction Agreements”	collectively the following agreements: <ul style="list-style-type: none">(a) the letter of award dated 13 November 2020 issued by SunTrust to Megawide and accepted and confirmed by Megawide on 13 November 2020 in relation to the construction of basement, podium and tower of the Main Hotel Casino (“Construction Agreement I”)(b) the letter of award dated 13 November 2020 issued by SunTrust to Megawide and accepted and confirmed by Megawide on 13 November 2020 in relation to the construction work of pile cap, excavation and lateral support and additional pile cap area of the Main Hotel Casino (“Construction Agreement II”)
“Directors”	the directors of the Company and each a “Director”
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of and not connected with the Company and any connected person of the Company and is itself not a connected person of the Company

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Main Hotel Casino”	the 5-Star hotel and casino erected or to be erected at the three parcels of land located at Manila Bayshore Integrated City in Paranaque City, the Philippines
“Megawide”	Megawide Construction Corporation, a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: MWIDE)
“PHP”	Philippine peso, the lawful currency of Philippines
“PSE”	The Philippines Stock Exchange, Inc.
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder”	the holder of any Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SunTrust”	Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN) and a 51% owned subsidiary of the Company
“Works”	collectively, the following: <ul style="list-style-type: none"> (a) “Works I” as defined in “Construction Agreement I – Subject Matter” in this announcement; and (b) “Works II” as defined in “Construction Agreement II – Subject Matter” in this announcement
“%”	per cent

Note:

- (a) When translated, each HK\$ amount stated in this announcement was translated at the exchange rate of HK\$1.0 to PHP6.2285.
- (b) All references to Rules and Chapters are references to Rules and Chapters of the Listing Rules unless otherwise stated.

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

Hong Kong, 13 November 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.