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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)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF 51% OF MSRDC CORPORATION LIMITED

The Board is pleased to announce that on 30 August 2019, the Vendor and the Purchaser entered into the Agreement in relation to the Acquisition.

This announcement is made by the Company on a voluntary basis to keep its shareholders and potential investors informed of the latest business development of the Group.

THE ACQUISITION

On 30 August 2019, the Vendor and the Purchaser entered into the Agreement in relation to the Acquisition. The principal terms of the Acquisition are set out below.

Subject Matter

The Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares.

Consideration

The consideration for the Acquisition is US\$9,588,000, payable in cash at Completion.

The consideration will be funded by financing from a company wholly owned by Mr. Chau Cheok Wa, an executive Director and the chairman of the Company, which has previously made available to the Company a facility in the principal amount of up to HK\$1,500,000,000 for the purposes of the Group's daily operations, mergers and acquisitions, investments, business development and other corporate purposes.

The consideration was determined after arm's length negotiation between the parties to the Agreement with reference to (i) an independent property valuation of the Land 5,000,000,000 Yen (equivalent to approximately US\$47,169,811) as at 23 August 2019; and (ii) the face value of the Shareholder's Loan.

Conditions Precedent

Completion of the Acquisition is conditional upon satisfaction of the following conditions:

- (i) the Purchaser being reasonably satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target;
- (ii) all necessary consents and approvals required to be obtained on the part of the Purchaser, the Vendor and the Target in respect of the Agreement and the transactions contemplated having been obtained and remain in full force and effect;
- (iii) the Purchaser having received a legal opinion in such form and substance to the satisfaction of the Purchaser regarding the legal title of the Land;
- (iv) the representations and warranties of the Vendor under the Agreement remains true, complete and accurate in all material aspects; and
- (v) the Purchaser being satisfied that there has been no material adverse change in respect of the Target since the date of Agreement.

Repayment of Shareholder's Loan

Upon completion of the Acquisition, the Purchaser will advance an amount equal to the sum of the Shareholder's Loan to the Target, which shall be used to repay the Shareholder's Loan.

Completion

Completion will take place within five Business Days (as defined in the Agreement) upon satisfaction of the conditions precedent.

INFORMATION ON THE TARGET

The Target is an investment holding Company. As at the date of the announcement, the Target is owned as to 51% by the Vendor, 39% by an individual (the “**Vendor Controller**”) and 10% by another individual who is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

The principal asset of the Target is the plot of land with a total site area 108,799m² located at Nishihara*, Aza Nikadori*, Hirara*, Miyakojima-shi*, Okinawa, Japan (日本沖繩縣宮古島市平良荷川取西原) (the “**Land**”). The current designated use of the Land are natural fields, windbreak forest/barrier, farmland, or public roads. The Company intends to apply to Okinawa’s Legal Affairs Bureau for conversion of its designated use for resort hotel development.

Upon completion of the Acquisition, the Target will become a subsidiary of the Company and the financial results of the Target will be consolidated into the Group’s financial statements.

REASONS AND BENEFITS OF THE ACQUISITION

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 Cambodia; and (iv) provision of travel related products and service.

The Group has been expanding its tourism-related business in the South East Asia region. On 28 August 2018, the Group completed the acquisition of the entire equity interest in, and shareholder’s loan due from, Star Admiral Limited, which held an approximately 34% interest in an integrated resort in Vietnam.

On 23 April 2019, the Group acquired approximately 24.68% of the issued share capital of Summit Ascent Holdings Limited (“**Summit Ascent**”), a company listed on the Main Board of the Stock Exchange (stock code: 102) at the consideration of HK\$717,812,540. Prior to acquisition, the Group held approximately 3.29% of the issued share capital of Summit Ascent. Upon the completion of the acquisition, the interest of the Group in the Summit Ascent increased from approximately 3.29% to approximately 27.97%. After the acquisition, the Group further acquired 1.80% equity interests of Summit Ascent from the open market for a consideration of approximately HK\$45,021,600. The Group held approximately 29.68% equity interest of Summit Ascent, and it was classified as an associate of the Group as at 30 June 2019. As at 30 June 2019, Summit Ascent held 60% of the issued share capital of an integrated resort named “TIGRE DE CRISTAL” in Russia. Phase 1 of TIGRE DE CRISTAL was opened since 2015 and is comprised of gaming area with about 30 VIP gaming tables, 35 mass gaming tables and 340 slot machines and a 121 rooms 5-star hotel.

The next phase of TIGRE DE CRISTAL is expected to be comprised of a 4 to 5 star hotel with 350 rooms, 50 VIP gaming tables, 25 mass gaming tables and 300 slot machines, four restaurants, luxury shopping, a mixed-use MICE facility and an indoor beach club.

The Group will continue to diversify its businesses to tourism-related business in Asian Countries and grasp opportunities on the provision for hotel and integrated resort general consultancy services. During the six months ended 30 June 2019, the Group signed a non-legal binding memorandum of understanding with Paradise Co., Ltd. (“**Paradise**”) on a possible co-operation on Paradise’s casino in Busan, Korea, and we believe that the cooperation can enable both parties to create a synergy and develop its own strengths, resources and expertise. The Group aims to build an integrated tourism related platform with equity investments in integrated resorts as well as a tourism-related service provider to integrated resorts within the Asian region.

Japan has been a popular tourist destination, the number of international visitor arrivals increased from approximately 13.4 million in 2014 to approximately 31.2 million in 2018 according to the statistics released by Japan National Tourism Organization, representing a compound annual growth rate of 18.4%, in which visitors from China accounted for approximately 26.9% of the total visitor arrivals in 2018. Okinawa ranks within the top ten among all the most visited prefectures in Japan.

The Land is located on Miyako Island. Miyako Island is the largest and most popular island among the Miyako Islands, Okinawa Prefecture. Subject to the final development plan to be approved by the Group, the Target intends to build 40 villas with pool and a hotel of more than 100 rooms on the Land. In addition to the 24 direct flights per day to the existing Miyako Airport, the Shimojishima Airport (下地島空港) commenced its operations in March 2019, and two airlines have started operating up to 17 direct flights from Tokyo, Osaka and Hong Kong to the Shimojishima Airport per week, which will enhance the transportation to Miyako Islands.

The Board considers that with (i) the continued increase in Chinese visitors travelling to Japan and (ii) the newly operated direct flights to the Shimojishima Airport, the Acquisition represents a good opportunity to further expand its tourism-related business and to diversify its focus, in terms of geographical locations, from China to the East Asia region.

The Board is of the view that the terms and conditions of the Agreement (including the consideration) are fair and reasonable and are on normal commercial terms, and that the Acquisition (including the repayment of Shareholder's Loan) are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Purchaser is a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Vendor is an investment holding company. It is wholly-owned by an individual, who holds the entire issued share capital of the Vendor on trust for AIIA Corporation Limited. AIIA Corporation Limited is a company incorporated under the laws of Japan and is mainly engaged in the apparel retail business, media, development of mobile games, language institutions, and real estate in Japan. It is wholly owned by the Vendor Controller and the Vendor Controller's family members.

To the best of the knowledge, information and belief of the members of the Board, having made all reasonable enquiry, each of the Vendor and its ultimate beneficial owner is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares
“Agreement”	the agreement dated 30 August 2019 between the Vendor and the Purchaser in relation to the Acquisition
“Board”	the board of the Company

“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)
“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
“Land”	Has the meaning ascribed to it under the section headed “INFORMATION ON THE TARGET”
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Modest Achieve Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company
“Sale Shares”	510 shares of the Target, representing 51% of the issued share capital of the Target upon completion of the Acquisition
“Shareholders”	holders of ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder’s Loan”	the loan due from the Target to the Vendor, in amount of 1,377,000,000 Yen (equivalent to approximately US\$12,990,566) as at the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	MSRD Corporation Limited, a company incorporated in Japan with limited liability

“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	AIIA (HK) Corporation Limited, a company incorporated in Hong Kong with limited liability
“Vendor Controller”	has the meaning ascribed to it under the section headed “INFORMATION ON THE TARGET”
“Yen”	Japanese yen, the lawful currency of Japan
“%”	per cent

* *for identification purposes only*

** *for illustration purposes only, amounts in US\$ have been translated into Yen at exchange rate of US\$1.00 to 106 Yen. No representation is made that any amount in Yen and US\$ can be or could have been converted at the relevant dates at the above rate.*

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

Hong Kong, 30 August 2019

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.