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## **SUN CENTURY GROUP LIMITED**

### **太陽世紀集團有限公司**

(to be renamed as “**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)**

## **CONTINUING CONNECTED TRANSACTIONS – REVISION OF ANNUAL CAPS**

### **THE REVISED HAP AGREEMENT**

Reference is made to the circular of the Company dated 8 March 2017 in relation to, among other things, the Original HAP Agreement and the transactions contemplated.

The Board is pleased to announce that, on 15 May 2017 (after trading hours of the Stock Exchange), Sun Travel and Sun City Gaming Promotion entered into the Revised HAP Agreement to amend the Original Annual Cap and to provide additional annual caps. Taking into account the development of the business of Sun Travel, the Board proposes to revise the Original Annual Cap of HK\$120,000,000 to HK\$420,000,000 for the Initial Term (i.e. from 31 March 2017 to 31 December 2017) and to provide additional annual caps of HK\$570,000,000 and HK\$590,000,000 for the years ending 31 December 2018 and 31 December 2019, respectively.

### **LISTING RULES IMPLICATIONS**

Sun City Gaming Promotion is wholly owned by Mr. Chau, who is the Chairman of the Company and an executive Director, and the controlling shareholder of the Company interested in approximately 72.17% of the issued share capital of the Company as at the date of this announcement. Accordingly, Sun City Gaming Promotion is regarded as a connected person of the Company under the Listing Rules, and therefore the transactions contemplated under the Revised HAP Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the largest proposed New Annual Cap is more than 25%, the Revised HAP Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of Mr. Chau's interest in the Revised HAP Agreement, Mr. Chau and his associates shall abstain from voting on the ordinary resolution in relation to the Revised HAP Agreement and the transactions contemplated thereunder to be proposed at the EGM. As at the date of this announcement, Mr. Chau and his associates are interested in 4,345,489,489 Shares, representing approximately 72.17% of the issued share capital of the Company. Mr. Chau has also abstained from voting in respect of the relevant board resolution relating to the Revised HAP Agreement and the transactions contemplated thereunder.

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, will be established to make recommendations to the Independent Shareholders in respect of the terms of the Revised HAP Agreement and the transactions contemplated thereunder. The Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

#### **GENERAL**

The EGM will be held and convened for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution in respect of the Revised HAP Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Revised HAP Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Revised HAP Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Revised HAP Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM will be despatched to the Shareholders on or before 5 June 2017.

Reference is made to the circular of the Company dated 8 March 2017 in relation to, among other things, the Original HAP Agreement and the transactions contemplated thereunder.

## THE ORIGINAL HAP AGREEMENT

On 6 February 2017, Sun Travel, an indirect wholly-owned subsidiary of the Company, entered into the Original HAP Agreement with Sun City Gaming Promotion in respect of the procurement of the Hotel Accommodation Products by Sun Travel from Sun City Gaming Promotion for the period from 31 March 2017 (being the commencement date of the Original HAP Agreement) to 31 December 2017 (i.e. the Initial Term).

### The Original Annual Cap

As disclosed in the circular of the Company dated 8 March 2017, the Original Annual Cap for the Initial Term under the Original HAP Agreement was HK\$120,000,000.

## THE REVISED HAP AGREEMENT

On 15 May 2017 (after trading hours of the Stock Exchange), Sun Travel and Sun City Gaming Promotion entered into the Revised HAP Agreement to amend the Original Annual Cap and to provide additional annual caps. Taking into account the development of the business of Sun Travel, the Board proposes to revise the Original Annual Cap of HK\$120,000,000 to HK\$420,000,000 for the Initial Term and to provide additional annual caps for the years ending 31 December 2018 and 31 December 2019, respectively (i.e. the New Annual Caps).

### The New Annual Caps

Set out below are the New Annual Caps for the Initial Term and each of the subsequent two years ending 31 December 2019 under the Revised HAP Agreement:

	<b>For the Initial Term</b> <i>HK\$ million</i>	<b>For the year ending 31 December 2018</b> <i>HK\$ million</i>	<b>For the year ending 31 December 2019</b> <i>HK\$ million</i>
Original Annual Cap	120	N/A	N/A
New Annual Caps	420	570	590

## **Basis of the New Annual Caps**

The New Annual Caps have been determined primarily based on (i) the actual procurement volume of the Hotel Accommodation Products in the total value of approximately HK\$42.7 million for the period from 1 April 2017 to 30 April 2017; (ii) the annualised purchases for the Initial Term based on the actual procurement volume mentioned in (i); (iii) the number of guests who booked five-star hotels through travel agencies in 2016 published by the Statistics and Census Service of the Macau Government; and (iv) the compounded annual growth rate from 2011 to 2016 on the number of guests who booked five-star hotels through travel agencies published by the Statistics and Census Service of the Macau Government.

Save for the revision of the Original Annual Cap, the provision of additional annual caps for each of the two years ending 31 December 2019 and the extension of the term of the Original HAP Agreement to 31 December 2019, the terms and conditions of the Original HAP Agreement shall remain in full force and effect.

## **Conditions precedent of the Revised HAP Agreement**

The Revised HAP Agreement is conditional upon the fulfilment of the following conditions:

- (a) the passing by the Independent Shareholders at the EGM to approve the Revised HAP Agreement and transactions contemplated thereunder including but not limited to the New Annual Caps; and
- (b) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Revised HAP Agreement and the transactions contemplated thereby having been obtained and remaining in full force and effect.

If the conditions precedent set out above have not been satisfied on or before 31 July 2017, or such other date as the parties to the Revised HAP Agreement may agree, the Revised HAP Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof. For the avoidance of doubt, the Original HAP Agreement will continue to be valid and effective in accordance with its existing terms in the event that the conditions set out above would not be fulfilled.

## **Historical amounts**

In accordance with the latest management accounts of the Group, the aggregate historical transactions under the Original HAP Agreement amounted to approximately HK\$42.7 million for the first month of the Initial Term (i.e. from 1 April 2017 to 30 April 2017), representing approximately 35.6% of the Original Annual Cap for the Initial Term.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE REVISED HAP AGREEMENT**

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 People's Republic of China, and providing hotel and integrated resort management and consultancy service and travel agency service. As disclosed in the circular of the Company dated 8 March 2017 relating to, among other things, the Original HAP Agreement, it is part of the ordinary and usual course of business of Sun Travel in procuring the Hotel Accommodation Products for its end customers. In view that Sun City Gaming, as a gaming promoter in Macau, is entitled to purchase the Hotel Accommodation Products directly from hotels in Macau at discounted prices, Sun Travel has negotiated with Sun City Gaming Promotion for the procurement of the Hotel Accommodation Products at its acquisition costs and eventually entered into the Original HAP Agreement.

The Original Annual Cap has been utilised as to 35.6% for the first month of the Initial Term. Riding on the trend, it is expected that the Original Annual Cap will be exceeded before the expiry of the Initial Term. In order to avoid any undesirable suspension of the procurement of the Hotel Accommodation Products, which is part of the Group's usual and ordinary course of business, due to the exceedance of the Original Annual Cap, the Company considers that there is an imperative need to revise the Original Annual Cap. In addition, taking into account the historical procurement volume for the Hotel Accommodation Products, the Company believes that the Group will continue to procure a substantial volume of the Hotel Accommodation Products from Sun City Gaming Promotion. The Company considers that it would be unduly burdensome and impracticable for, and would add unnecessary administrative cost to, the Company to obtain the Independent Shareholders' approval for the subsequent annual cap on a yearly basis. Therefore, the New Annual Caps for three years in a row (from the commencement date of the Original HAP Agreement) have been proposed and put forward to the Independent Shareholders' approval in compliance with the Listing Rule requirements.

Given (i) the aforesaid merits for the entering into of the Revised HAP Agreement; and (ii) that the New Annual Caps have been determined with reference to the historical transaction amount, the number of guests who booked five-star hotels through travel agencies in 2016 as published by the Statistics and Census Service of the Macau Government, as well as the compounded annual growth rate on the number of guests who booked five-star hotels through travel agencies from 2011 to 2016, the Directors (excluding the independent non-executive Directors whose views will be included in the circular of the Company to be published in relation to the Revised HAP Agreement and the transactions contemplated thereunder after being advised by the Independent Financial Adviser) consider that the Revised HAP Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Sun City Gaming Promotion is wholly owned by Mr. Chau, who is the Chairman of the Company and an executive Director, and the controlling shareholder of the Company interested in approximately 72.17% of the issued share capital of the Company as at the date of this announcement. Accordingly, Sun City Gaming Promotion is regarded as a connected person of the Company under the Listing Rules, and therefore the transactions contemplated under the Revised HAP Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the largest proposed New Annual Cap is more than 25%, the Revised HAP Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of Mr. Chau's interest in the Revised HAP Agreement, Mr. Chau and his associates shall abstain from voting on the ordinary resolution in relation to the Revised HAP Agreement and the transactions contemplated thereunder to be proposed at the EGM. As at the date of this announcement, Mr. Chau and his associates are interested in 4,345,489,489 Shares, representing approximately 72.17% of the issued share capital of the Company. Mr. Chau has also abstained from voting in respect of the relevant board resolution relating to the Revised HAP Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge and information, save for Mr. Chau and his associates, no other Shareholders have a material interest in the Revised HAP Agreement and the transactions contemplated thereunder and shall abstain from voting on the ordinary resolution in relation to the Revised HAP Agreement and the transactions contemplated thereunder to be proposed at the EGM.

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, will be established to make recommendations to the Independent Shareholders in respect of the terms of the Revised HAP Agreement and the transactions contemplated thereunder. The Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **GENERAL**

The EGM will be held and convened for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution in respect of the Revised HAP Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Revised HAP Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Revised HAP Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Revised HAP Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM will be despatched to the Shareholders on or before 5 June 2017.

## **DEFINITIONS**

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sun Century Group Limited (to be renamed as 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be held and convened for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution in respect of the Revised HAP Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel Accommodation Products”	the provision of hotel accommodation and related services

“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, to be established to make recommendations to the Independent Shareholders in respect of the terms of the Revised HAP Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Revised HAP Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Chau and his associates
“Initial Term”	the period from the commencement date of the Original HAP Agreement, being 31 March 2017, on which the Original HAP Agreement was approved by the Independent Shareholders at the relevant extraordinary general meeting of the Company, to 31 December 2017
“Original Annual Cap”	the existing annual cap amount of HK\$120,000,000 in relation to the transactions contemplated under the Original HAP Agreement for the Initial Term
“Original HAP Agreement”	the existing hotel accommodation procurement agreement dated 6 February 2017 entered into between Sun Travel and Sun City Gaming Promotion in relation to the procurement of the Hotel Accommodation Products
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Chau”	Mr. Chau Cheok Wa, the Chairman of the Company and an executive Director, and the controlling shareholder of the Company



“New Annual Caps”	the revised annual cap amount of HK\$420 million proposed by the Company for the Initial Term and the additional annual caps of HK\$570 million and HK\$590 million for the year ending 31 December 2018 and 31 December 2019, respectively, under the Revised HAP Agreement
“Revised HAP Agreement”	the conditional supplemental agreement dated 15 May 2017 entered into between Sun Travel and Sun City Gaming Promotion in respect of, among other things, the revision of the Original Annual Cap under the Original HAP Agreement and the provision of additional annual caps for each of the two years ending 31 December 2019
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Sun City Gaming Promotion”	Sun City Gaming Promotion Company Limited, a company incorporated in Macau with limited liability, which is wholly owned by Mr. Chau
“Sun Travel”	Sun Travel Ltd., a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of the Company
“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  
**Sun Century Group Limited**  
**Chau Cheok Wa**  
*Chairman*

Hong Kong, 15 May 2017

*As at the date of this announcement, the executive Directors are Mr. Chau Cheok Wa, Ms. Yeung So Mui, 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.*