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SUNCITY GROUP HOLDINGS LIMITED

太陽城集團控股有限公司

(formerly known as “Sun Century Group Limited” “太陽世紀集團有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

ANNOUNCEMENT

Reference is made to the annual report (the “**Annual Report**”) of Suncity Group Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) for the year ended 31 December 2016. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

As disclosed in the Annual Report, approximately RMB316,259,000 being earnest monies (the “**Earnest Monies**”) paid under two memorandums of understanding entered into with different independent third parties in relation to two property development projects in Anhui Province and Jiangsu Province. As the recoverability of the Earnest Monies was in doubt, full provision has been made during the year ended 31 December 2016. Set out below are further details of the memorandum of understandings and the latest status in relation to the recovery of the Earnest Monies.

A memorandum of understanding dated 30 December 2011 (the “**1st Anhui MOU**”) was entered into between the Company and Mr. Wang Hui (“**Mr. Wang**”) in relation to a property development project in Chaohu City, Anhui Province, the PRC and pursuant to which the Company has paid an earnest money of HK\$200,000,000 (equivalent to RMB166,259,000 at the payment date) to Mr. Wang. Subsequent to the entering into of the 1st Anhui MOU, Mr. Wang transferred all his interests in the potential target company to Mr. Yeung King Chung (“**Mr. Yeung**”) and the Company and Mr. Yeung entered into a memorandum of understanding (the “**2nd Anhui MOU**”, together with the 1st Anhui MOU as the “**Anhui MOUs**”) pursuant to which Mr. Yeung recognized and confirmed the payment of earnest money.

A memorandum of understanding dated 30 December 2011 (the “**Jiangsu MOU**”, together with the Anhui MOUs as the “**MOUs**”) was entered into between the Company and Kinglead Holdings Limited (“**Kinglead**”, together with Mr. Wang and Mr. Yeung as “**Vendors**”) in relation to a property development project with gross land area of approximately 88,333.75 sq. m. and construction area of approximately 25,510.96 sq. m. located in Kunshan City, Jiangsu Province, the PRC and the Company has paid an earnest money of RMB150,000,000 to Kinglead.

To the best of the directors’ knowledge, information and belief, each of Mr. Wang, Mr. Yeung, Kinglead and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Earnest Monies paid under the MOUs were refundable in accordance with the terms of the MOUs.

The Vendors have been assisting the Company in the due diligence work of the property development projects. The Company has assessed the two property development projects and considered that both projects were with potentials. However, taking into consideration of, among others, the potential capital commitments for the projects and the working capital of the Group, together with the recent change in policies rendering difficulty for proceeding with the property development project under the 2nd Anhui MOU, no formal agreements have been entered into by the Group and the Vendors in respect of the projects.

In or around December 2016, the Company notified Vendors about the termination of the MOUs and has demanded for the refund of the Earnest Monies from the Vendors since then. The Company has actively demanded the Vendors for the refund of Earnest Monies. Kinglead has refunded RMB95 million with the remaining balance of the earnest money under the Jiangsu MOU to be refunded by the end of June 2017. Mr. Yeung represented that he will refund half of the earnest money under the 2nd Anhui MOU by the end of July 2017 with the remaining half by the end of this year and the Company is now in negotiations with Mr. Yeung for details in relation to the refund of the earnest money under the 2nd Anhui MOU.

The Company will closely monitor the situation to safeguard the Group’s assets.

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

Hong Kong, 8 June 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.