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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)

**MAJOR TRANSACTION:
SUPPLEMENTAL AGREEMENT TO CONSTRUCTION AGREEMENTS
IN RELATION TO CONSTRUCTION OF MAIN HOTEL CASINO**

On 18 December 2020, SunTrust entered into the Supplemental Agreement with Megawide to revise by expanding the scope of work of Megawide as main contractor and increasing the contract sum payable under the Construction Agreements. The terms of the Construction Agreements remain unchanged save as revised by the Supplemental Agreement, with the date, parties, the revision proposed to be made to the Construction Agreements and the condition to the Supplemental Agreement as set out in “THE SUPPLEMENTAL AGREEMENT” below.

The Main Hotel Casino to be constructed or otherwise developed under the Construction Agreements as revised and supplemented by the Supplemental Agreement is for the Group’s own use in its usual course of business, the transactions contemplated under each of the Construction Agreements as revised and supplemented by the Supplemental Agreement 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 as revised and supplemented by the Supplemental Agreement is the same party (i.e. Megawide), the Construction Agreements as revised and supplemented by the Supplemental Agreement 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 as revised and supplemented by the Supplemental Agreement on an aggregated basis exceed 25% but all are less than 100%, the Construction Agreements as revised and supplemented by the Supplemental Agreement constitute major transaction for the Company under Chapter 14 and is subject to announcement and Shareholders' approval requirements under Chapter 14.

Application will be made by the Company to the Stock Exchange for a waiver to despatch the circular of the Company on Construction Agreements as revised and supplemented by the Supplemental Agreement, within 15 business days as that required under Rule 14.41(a) to on or before 11 February 2021 as time is required by the Company to gather the information required for inclusion in the circular, including, among others, the statement of indebtedness and the sufficiency of working capital statement. If the waiver to be sought is granted, the Construction Agreements as revised and supplemented by the Supplemental Agreement will be approved by way of the Written Shareholders' Approval without convening a general meeting of the Company to approve them for the purpose of Shareholders' approval under Chapter 14. Otherwise, the Construction Agreements as revised and supplemented by the Supplemental Agreement will have to be approved by way of Shareholders' approval at a general meeting of the Company.

Reference is made to the announcement of the Company dated 13 November 2020 on the Construction Agreements in relation to the construction of the Main Hotel Casino (the "**Announcement**"). Unless otherwise defined in this announcement, capitalised terms used in this announcement have the same meaning as defined in the Announcement.

THE SUPPLEMENTAL AGREEMENT

On 18 December 2020, SunTrust entered into the Supplemental Agreement with Megawide to revise by expanding the scope of work of Megawide as main contractor and increasing the contract sum payable under the Construction Agreements. The terms of the Construction Agreements remain unchanged save as revised by the Supplemental Agreement. The date, parties, the revision proposed to be made to the Construction Agreements and the condition to the Supplemental Agreement are set out below:

Date: 18 December 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.

Revision to the Construction Agreement I:

Additional scope of work of Megawide as main contractor in relation to Works I: potential variations for design development of the Main Hotel Casino, including additional architectural, structural and civil works, provision of site facilities services for direct contractors appointed by SunTrust (the "**Attendance**"), as well as the additional work of (1) façade, building maintenance unit and marquee sign; (2) mechanical, electrical, plumbing and fire; (3) extra-low voltage; (4) specialist systems; (5) back of house fitting out; and (6) provision of coordination and cooperation services with and site facilities services for the sub-contractors (the "**Profit and Attendance**") under the sub-contracts to be awarded to the sub-contractors and additional construction materials to be purchased under the supply contracts to be awarded to the suppliers (the "**Additional Works I**").

Increase in contract sum: PHP19,600,000,000 (equivalent to approximately HK\$3,146.8 million).

Revised contract sum: PHP23,617,000,000 (equivalent to approximately HK\$3,791.8 million).

Additional payment terms of the contract sum of Additional Works I: paid by SunTrust to Megawide on a progress basis commensurate with the completion progress (or percentage completion) of the Additional 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 on a monthly basis.

Revision to the Construction Agreement II:

Additional scope of work of Megawide as main contractor in relation to Works II: potential variations for design development of the Main Hotel Casino (the “**Additional Works II**”).

Increase in contract sum: PHP400,000,000 (equivalent to approximately HK\$64.2 million).

Revised contract sum: PHP2,668,888,888 (equivalent to approximately HK\$428.5 million).

Additional payment terms of the contract sum of Additional Works II: paid by SunTrust to Megawide on a progress basis commensurate with the completion progress (or percentage completion) of the Additional 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 on a monthly basis.

Basis of determination of the increase in contract sum as revised by the Supplemental Agreement:

The increase in contract sum payable by SunTrust under the Supplemental Agreement was determined after arm's length negotiation with Megawide with reference to (1) the market costs of materials and labour estimated to be deployed in relation to the potential variations for design development of Works I and II; (2) the market price of Attendance and Profit and Attendance services of similar project nature; (3) the market price of the materials and the market wage of labour used in sub-contracts of similar project nature; and (4) the market price of the materials supplied by suppliers of similar project nature.

Condition precedent to the Supplemental Agreement:

The obtaining by the Company of the Shareholders' approval to the Construction Agreements as revised and supplemented by the Supplemental Agreement and the transactions contemplated thereby and hereby in accordance with the Listing Rules.

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

REASONS FOR AND BENEFITS OF THE CONSTRUCTION AGREEMENTS AS REVISED AND SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT

By the Supplemental Agreement, the scope of the construction work for the construction of the Main Hotel Casino is widened to cover the additional works to be carried out by Megawide as main contractor, including, among others, potential variations for design development of the Main Hotel Casino, including additional architectural, structural and civil works and the Attendance, as well as the additional work of (1) façade, building maintenance unit and marquee sign; (2) mechanical, electrical, plumbing and fire; (3) extra-low voltage; (4) specialist systems; (5) back of house fitting out; and (6) Profit and Attendance under the sub-contracts to be awarded to the sub-contractors and additional construction materials to be purchased under the supply contracts to be awarded to the suppliers.

The Directors consider that the Construction Agreements as revised and supplemented by the Supplemental Agreement are 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 as revised and supplemented by the Supplemental Agreement and none of the Directors was required to abstain from voting on the resolution of the Board approving the Construction Agreements as revised and supplemented by the Supplemental Agreement.

LISTING RULES IMPLICATIONS

The Main Hotel Casino to be constructed or otherwise developed under the Construction Agreements as revised and supplemented by the Supplemental Agreement is for the Group's own use in its usual course of business, the transactions contemplated under each of the Construction Agreements as revised and supplemented by the Supplemental Agreement 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 as revised and supplemented by the Supplemental Agreement is the same party (i.e. Megawide), the Construction Agreements as revised and supplemented by the Supplemental Agreement 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 as revised and supplemented by the Supplemental Agreement on an aggregated basis exceed 25% but all are less than 100%, the Construction Agreements as revised and supplemented by the Supplemental Agreement constitute major transaction for the Company under Chapter 14 and is subject to announcement and Shareholders' approval requirements under Chapter 14.

To the best of the knowledge of the Directors, no Shareholders, including the Controlling Shareholder which holds 4,991,643,335 Shares (representing approximately 74.87% interest in the Company) and does not have a material interest in the Construction Agreements as revised and supplemented by the Supplemental Agreement, are required to abstain from voting at a general meeting of the Company if one were to be convened and held to approve the Construction Agreements as revised and supplemented by the Supplemental Agreement.

The Controlling Shareholder has given its written approval to the Construction Agreements as revised and supplemented by the Supplemental Agreement as required under Rule 14.44(2) (the "**Written Shareholders' Approval**").

A circular on the Construction Agreements as revised and supplemented by the Supplemental Agreement is expected to be despatched on or before 11 February 2021 as time is required by the Company to gather the necessary information required for inclusion in the circular.

Application will be made by the Company to the Stock Exchange for a waiver to despatch the circular of the Company on Construction Agreements as revised and supplemented by the Supplemental Agreement, within 15 business days as that required under Rule 14.41(a) to on or before 11 February 2021 as time is required by the Company to gather the information required for inclusion in the circular, including, among others, the statement of indebtedness and the sufficiency of working capital statement. If the waiver to be sought is granted, the Construction Agreements as revised and supplemented by the Supplemental Agreement will be approved by way of the Written Shareholders' Approval without convening a general meeting of the Company to approve them for the purpose of Shareholders' approval under Chapter 14. Otherwise, the Construction Agreements as revised and supplemented by the Supplemental Agreement will have to be approved by way of Shareholders' approval at a general meeting of the Company.

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:

“Controlling Shareholder”	Fame Select Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company
“Supplemental Agreement”	the supplemental agreement to the Construction Agreements entered into between SunTrust and Megawide on 18 December 2020 in relation to the construction of the Main Hotel Casino

Notes:

- (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, 18 December 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.