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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)

CONTINUING CONNECTED TRANSACTIONS

MASTER SERVICES AGREEMENTS

On 8 January 2021, (1) Sun Travel and Mr. Chau entered into the Master Charter Services Agreement pursuant to which Sun Travel shall provide the Aircraft Charter Services to the Customers; and (2) Sun Travel and Mr. Chau entered into the Travel Related Services Master Agreement pursuant to which Sun Travel shall provide the Travel Related Services to the Customers on the principal terms as set out in this announcement.

Mr. Chau is a connected person of the Company by virtue of him being an executive Director and the chairman of the Company who is also a controlling shareholder of the Company. As the counterparties to each of the Master Services Agreements are Mr. Chau and his associates, the Transactions contemplated under the Master Services Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and have to be aggregated under Rules 14A.81 and 14A.83 of the Listing Rules.

Sun City Gaming Promotion, the counterparty to the 2019 Travel Products Supply Agreement of which Sun Travel is the service provider, is also a connected person of the Company for being an associate of Mr. Chau as it is wholly-owned by him. The Transactions contemplated under the Master Services Agreements have to be aggregated with those under the 2019 Travel Products Supply Agreement in determining the requirements of Chapter 14A of the Listing Rules as are applicable to the former.

As the highest applicable percentage ratios in respect of the Annual Caps for the Transactions contemplated under the Master Services Agreements, whether on their own or when aggregated with the highest of the annual caps contemplated under the 2019 Travel Products Supply Agreement, are expected to be less than 5% but the total consideration (on an aggregated annual basis) is expected to be more than HK\$3,000,000, the Transactions contemplated under the Master Services Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules.

INTRODUCTION

The Board announces that on 8 January 2021, (1) Sun Travel and Mr. Chau entered into the Master Charter Services Agreement pursuant to which Sun Travel shall provide the Aircraft Charter Services to the Customers; and (2) Sun Travel and Mr. Chau entered into the Travel Related Services Master Agreement pursuant to which Sun Travel shall provide the Travel Related Services to the Customers on the principal terms as set out in this announcement.

PRINCIPAL TERMS OF THE MASTER CHARTER SERVICES AGREEMENT

Date

8 January 2021

Parties

- (i) Sun Travel; and
- (ii) Mr. Chau

Subject Matter

The Master Charter Services Agreement serves to provide Sun Travel and Mr. Chau with a master framework of agreement in relation to the provision and obtaining of the Aircraft Charter Services by and between Sun Travel and the Customers. Sun Travel and the Customers will, from time to time, enter into separate Contracts pursuant to the Master Charter Services Agreement in respect of the Charter Services Transactions which shall always be in compliance with the Listing Rules and incorporate the T&C.

Term

The Master Charter Services Agreement is for a fixed period from 8 January 2021 to 31 December 2022.

Price and Payment

Pursuant to the T&C, which are applicable to all customers of Sun Travel, including the Customers for the Aircraft Charter Services, a customer (which includes Mr. Chau and his associates as Customers) is required to pay the Charter Price which comprises of the following to Sun Travel:

- (1) the price stated in the Quotation for each itinerary requested by the customer;
- (2) any amount resulting from deviations from the original itinerary of unforeseen circumstances that result in excess flight time;
- (3) any amount resulting from actual cost of catering and ground transportation, if higher than amounts in the original Quotation; and
- (4) any amount resulting from excise tax, departure/arrival taxes, and all other applicable taxes.

Under the T&C, payment of the Charter Price should be made directly at the time, in the amount and to the account specified by Sun Travel in the Contract in cleared funds in such account.

Pricing policies

As a general principle, the prices and terms of each Contract with respect to the Charter Services Transactions to be entered into pursuant to the Master Charter Services Agreement shall be determined:

- (1) with reference to contract price of charter flight with similar itinerary and aircraft model in the market and relevant similar charter flight price quotation from aircraft management company, and shall be not less than the contract price of charter flight offered by Sun Travel to its independent third party customers;
- (2) in the ordinary and usual course of business of the Group; and
- (3) on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable to the Group than those charged and provided to independent third party customers of the Group.

Annual Caps

The Annual Caps for the Charter Services Transactions are set out below:

For the year ending 31 December 2021	For the year ending 31 December 2022
HK\$8,000,000	HK\$8,000,000

The Annual Caps for the Charter Services Transactions were determined by the Directors by reference to, among other things:

- (i) the estimated demand of Aircraft Charter Services by the Customers; and
- (ii) the estimated average charter price of the Aircraft for each Flight taking into account of the estimated flight location and flight hours with reference to similar charter flight price quotation provided by the independent aircraft management company.

Shareholders and potential investors should note that the Annual Caps in respect of the Charter Services Transactions should not be construed as an assurance or forecast by the Company of the future revenue of the Group.

Termination

Either Sun Travel or Mr. Chau may terminate the Master Charter Services Agreement at any time by giving not less than 20 Business Days' prior written notice to the other or Sun Travel and Mr. Chau may terminate the Master Charter Services Agreement by written agreement.

The Master Charter Services Agreement shall be automatically terminated if the Charter Services Transactions contemplated under the Master Charter Services Agreement cease to constitute connected transactions or continuing connected transactions or cease to be subject to the Listing Rules in relation to connected transactions or continuing connected transactions.

PRINCIPAL TERMS OF THE TRAVEL RELATED SERVICES MASTER AGREEMENT

Date

8 January 2021

Parties

- (i) Sun Travel; and
- (ii) Mr. Chau

Subject Matter

The Travel Related Services Master Agreement serves to provide Sun Travel and Mr. Chau with a master framework of agreement in relation to the provision and obtaining of the Travel Related Services by and between Sun Travel and the Customers. Sun Travel and the Customers will, from time to time, enter into separate Travel Related Services Contracts pursuant to the Travel Related Services Master Agreement in respect of the Travel Related Services Transactions which shall always be in compliance with the Listing Rules.

Term

The Travel Related Services Master Agreement is for a fixed period from 8 January 2021 to 31 December 2022.

Pricing policies

General principle

As a general principle, the prices and terms of each Travel Related Services Contract with respect to the Travel Related Services Transactions to be entered into pursuant to the Travel Related Services Master Agreement shall be determined:

- (1) in the ordinary and usual course of business of the Group; and
- (2) on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable to the Group than those charged and provided to independent third party customers of the Group.

Pricing policy and procedures

Subject to the general principle above, the pricing policy and procedures adopted and applied by the Group in setting the contract prices and terms of the Travel Related Services Transactions with the Customers are as follows:

Travel Products Services

The price for the Travel Products Services shall be determined with reference to the prevailing market price of the same or similar products or services in the market on an order-by-order basis, which shall not be less than the price offered by Sun Travel to its independent third party customers and shall not be lower than the acquisition cost of Sun Travel.

The prevailing market price of Travel Products Services will be determined with the official listing price (if any) of the relevant Travel Products Services. For example, with respect to ferry tickets, the prevailing market price will be the price set by Shun Tak-China Travel Ship Management Limited and its subsidiaries and other ferry operators to the general public. In the event that there is no official listing price, the prevailing market price shall be determined with reference to similar products available on the market.

Hotel Accommodation Services and Travel Agency Services

The price for the Hotel Accommodation Services and Travel Agency Services shall not be less than the price offered by Sun Travel to its independent third party customers and shall not be lower than the acquisition cost of Sun Travel. The price for the Hotel Accommodation Services and Travel Agency Services to be offered by Sun Travel to its independent third party customers and the Customers shall be determined with reference to the prevailing market price or quotation from other independent suppliers in the market for the same or similar products.

Annual Caps

The Annual Caps for the Travel Related Services Transactions are set out below:

For the year ending 31 December 2021	For the year ending 31 December 2022
HK\$2,400,000	HK\$2,400,000

The Annual Caps for the Travel Related Services Transactions were determined by the Directors by reference to, among other things:

- (i) the estimated future annual demand of Travel Related Services by the Customers; and
- (ii) on the principal assumptions that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group in relation to the provision of the Travel Related Services.

Shareholders and potential investors should note that the Annual Caps in respect of the Travel Related Services Transactions should not be construed as an assurance or forecast by the Company of the future revenue of the Group.

Termination

Either Sun Travel or Mr. Chau may terminate the Travel Related Services Master Agreement at any time by giving not less than 20 Business Days' prior written notice to the other or Sun Travel and Mr. Chau may terminate the Travel Related Services Master Agreement by written agreement.

The Travel Related Services Master Agreement shall be automatically terminated if the Travel Related Services Transactions contemplated under the Travel Related Services Master Agreement cease to constitute connected transactions or continuing connected transactions or cease to be subject to the Listing Rules in relation to connected transactions or continuing connected transactions.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Business of the Group includes the operation and provision of aircraft charter services and the kind of services covered by the Travel Related Services. As such, it is in the ordinary course of the Group's business to provide the Aircraft Charter Services and the Travel Related Services to the Customers, including Mr. Chau and his associates as Customers, which will be subject to the same T&C in relation to the Aircraft Charter Services or as the case may be, substantially the same terms and conditions in relation to the Travel Related Services, in each case, applicable to all independent third party customers. By entering into the Master Services Agreements, the Group is able to provide the Aircraft Charter Services and the Travel Related Services to Mr. Chau and his associates as Customers and generate income for the Group.

The Directors (including the independent non-executive Directors) are of the view that the Transactions are on normal commercial terms, fair and reasonable and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole and that the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Chau is a connected person of the Company by virtue of him being an executive Director and the chairman of the Company who is also a controlling shareholder of the Company. As the counterparties to each of the Master Services Agreements are Mr. Chau and his associates, the Transactions contemplated under the Master Services Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and have to be aggregated under Rules 14A.81 and 14A.83 of the Listing Rules.

Sun City Gaming Promotion, the counterparty to the 2019 Travel Products Supply Agreement of which Sun Travel is the service provider, is also a connected person of the Company for being an associate of Mr. Chau as it is wholly-owned by him. The Transactions contemplated under the Master Services Agreements have to be aggregated with those under the 2019 Travel Products Supply Agreement in determining the requirements of Chapter 14A of the Listing Rules as are applicable to the former.

As the highest applicable percentage ratios of the Annual Caps for the Transactions contemplated under the Master Services Agreements, whether on their own or when aggregated with the highest of the annual caps contemplated under the 2019 Travel Products Supply Agreement, are expected to be less than 5% but the total consideration (on an aggregated annual basis) is expected to be more than HK\$3,000,000, the Transactions contemplated under the Master Services Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.76(2)(a) of the Listing Rules.

Mr. Chau has a material interest in the Transactions contemplated under the Master Services Agreements and has abstained from voting on the resolution of the Board approving the Master Services Agreements. Save as disclosed above, none of the Directors had a material interest in the Transactions.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) property development in Guangdong and Anhui Provinces in the People’s Republic of China; (ii) property leasing and management and operation of mall in the People’s Republic of China; (iii) provision of hotel and integrated resort general consultancy service in Vietnam; (iv) provision of travel related products and service; (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.

Sun Travel is an indirect wholly-owned subsidiary of the Company which is principally engaged in the provision of travel related products and services.

DEFINITIONS

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

“2019 Travel Products Supply Agreement”	the agreement dated 5 November 2019 entered into between Sun Travel and Sun City Gaming Promotion as announced in the announcement of the Company dated 5 November 2019 in relation to the supply of travel related products and services including ferry tickets between Hong Kong and Macau, entertainment tickets, vouchers, travel packages and other transportation tickets by Sun Travel to Sun City Gaming Promotion
“Aircraft”	any aircraft operated in connection with any Flight
“Aircraft Charter Services”	the aircraft charter services from time to time provided by the Group to the Customers, inclusive of the operation of Aircraft and the provisions of Flights, subject to and regulated by the Master Charter Services Agreement and the T&C

“Annual Cap”	with respect to a Master Services Agreement the estimated maximum aggregate annual amount in respect of the transactions contemplated thereunder for each financial year of the Company during the term of the Master Services Agreements
“associate”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	means any day (excluding Saturdays and Sundays) on which commercial banks in Hong Kong and Macau are open for transaction of banking business throughout their normal business hours
“Charter Price”	the total amount payable by a customer in respect of a Contract
“Company”	Suncity Group Holdings Limited (太陽城集團控股有限公司), an exempted company incorporated in the Cayman Islands whose shares are listed on the main board of the Stock Exchange (Stock Code: 1383)
“connected person”	has the same meaning ascribed thereto under the Listing Rules
“Contract”	contract(s) to be entered into from time to time between Sun Travel and its customers, which include the Customers, for the provision of Aircraft Charter Services, which shall incorporate the T&C
“controlling shareholder”	has the same meaning ascribed thereto under the Listing Rules
“Customers”	Mr. Chau and his associates but excluding Sun City Gaming Promotion and its subsidiaries from time to time for the purposes of the Travel Related Services Master Agreement
“Directors”	the directors of the Company

“Flight”	a charter flight organised or provided by Sun Travel to or for a customer, between two or more travel locations for the purpose of delivering freight and/or passengers as described in a Quotation
“Flight Hour”	each hour from the time the Aircraft moves under its own power for the purpose of a Flight until it comes to rest after landing
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the People’s Republic of China
“Master Services Agreements”	collectively, the following agreements: <ul style="list-style-type: none"> (1) the agreement dated 8 January 2021 entered into between Sun Travel and Mr. Chau in relation to the provision and obtaining of the Aircraft Charter Services by and between Sun Travel and the Customers (“Master Charter Services Agreement”); and (2) the agreement dated 8 January 2021 entered into between Sun Travel and Mr. Chau in relation to the provision and obtaining of the Travel Related Services by and between Sun Travel and the Customers (“Travel Related Services Master Agreement”)

“Mr. Chau”	Mr. Chau Cheok Wa, an executive Director and the chairman of the Company who is also a controlling shareholder of the Company
“Quotation”	in respect of a Flight, a quotation issued by Sun Travel to a customer containing, among others, the estimated Charter Price and details of that Flight
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 and the counterparty to the 2019 Travel Products Supply Agreement of which Sun Travel is the service provider
“Sun Travel”	Sun Travel Ltd., a limited liability company incorporated in Macau which is an indirect wholly-owned subsidiary of the Company
“T&C”	the standard terms and conditions for the time being promulgated by the Group regulating the provision by the Group of aircraft charter services to customers generally
“Transactions”	means collectively the followings transactions: <ul style="list-style-type: none"> (1) the transactions contemplated under the Master Charter Services Agreement (“Charter Services Transactions”); and (2) the transactions contemplated under the Travel Related Services Master Agreement (“Travel Related Services Transactions”).

“Travel Related Services”	means, collectively the following services from time to time provided by Sun Travel to any of the Customers:
	<ol style="list-style-type: none"> (1) sales of travel related products and services, including ferry tickets between Hong Kong and Macau, entertainment tickets, vouchers, travel packages and other transportation tickets, and other related services (“Travel Products Services”); (2) sales of hotel accommodation and other related services (“Hotel Accommodation Services”); and (3) provision of travel agency services, including but not limited to reservation of helicopter, flight and limousine services, and other related services (“Travel Agency Services”)
“Travel Related Services Contract”	a contract entered into from time to time between Sun Travel and any of the Customers in respect of the provision of any or all of the Travel Related Services
“%”	per cent.

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

Hong Kong, 8 January 2021

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.