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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in Suncity Group Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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:  
CONSTRUCTION AGREEMENTS AS REVISED AND  
SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT  
IN RELATION TO  
CONSTRUCTION OF MAIN HOTEL CASINO**

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Capitalised terms used in this cover page shall have the same meanings as those defined in “Definitions” in this circular.

11 February 2021

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## DEFINITIONS

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*In this circular, unless otherwise stated:*

- (a) All references to times and dates are references to Hong Kong time.*
- (b) All references to Rules and Chapters are references to Rules and Chapters of the Listing Rules.*
- (c) The English translation of Chinese names or words marked with “#” in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*
- (d) When translated, each HK\$ amount stated in this circular was translated at the exchange rate of HK\$1.0 to PHP6.2285, HK\$1.0 to RMB0.8416, US\$1.0 to RMB6.7400 and RMB1.0 to JPY15.8228.*
- (e) The following expressions have the following meanings:*

“Announcements”	collectively, the announcements of the Company dated 13 November 2020 and 18 December 2020 respectively
“Board”	the board of Directors
“Company”	Suncity Group Holdings Limited (太陽城集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1383)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Construction Agreements”	collectively the following agreements: <ul style="list-style-type: none"><li>(a) the letter of award dated 13 November 2020 issued by SunTrust to Megawide and accepted and confirmed by Megawide on 13 November 2020 in relation to the construction of basement, podium and tower of the Main Hotel Casino (“<b>Construction Agreement I</b>”)</li><li>(b) the letter of award dated 13 November 2020 issued by SunTrust to Megawide and accepted and confirmed by Megawide on 13 November 2020 in relation to the construction work of pile cap, excavation and lateral support and additional pile cap area of the Main Hotel Casino (“<b>Construction Agreement II</b>”)</li></ul>
“Controlling Shareholder”	Fame Select Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Directors”	the directors of the Company and a “ <b>Director</b> ” has the corresponding meaning
“Dongyang Xinguang”	東陽新光太平洋實業有限公司 (Dongyang Xinguang Pacific Industrial Company Limited <sup>#</sup> ), a company established in the PRC with limited liability
“Fortune Noble”	Fortune Noble Limited (彩御有限公司), a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of and not connected with the Company and any connected person of the Company and is itself not a connected person of the Company
“JPY”	Japanese yen, the lawful currency of Japan
“Latest Practicable Date”	4 February 2021, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Hotel Casino”	the 5-Star hotel and casino complex erected or to be erected at the three parcels of land located at the Entertainment City, Manila, the Philippines
“Megawide”	Megawide Construction Corporation, a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: MWIDE)
“Mr. Chau”	Mr. Chau Cheok Wa, an executive Director and the chairman of the Company who is also a controlling shareholder of the Company
“PHP”	Philippine peso, the lawful currency of Philippines
“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“PSE”	The Philippines Stock Exchange, Inc.
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

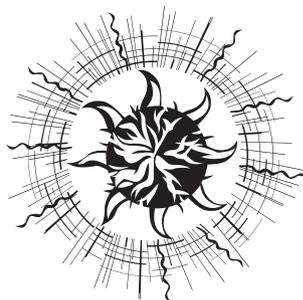
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“SA Group”	Summit Ascent and its subsidiaries from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder”	the holder of any Share or Shares
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Summit Ascent”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 102) and a 69.66% owned subsidiary of the Company
“SunTrust”	Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN) and a 51% owned subsidiary 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
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Works”	collectively, the following: <ul style="list-style-type: none"><li>(a) “Works I” as defined in “Construction Agreement I – Subject matter” in this circular</li><li>(b) “Works II” as defined in “Construction Agreement II – Subject matter” in this circular</li><li>(c) “Additional Works I” as defined in “Supplemental Agreement – Revision to the Construction Agreement I” in this circular</li><li>(d) “Additional Works II” as defined in “Supplemental Agreement – Revision to the Construction Agreement II” in this circular</li></ul>
“%”	per cent
“sq.m.”	square meter

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## LETTER FROM THE BOARD

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**太陽城集團**  
**SUNCITY GROUP**

### **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)**

*Executive Directors:*

Mr. Chau Cheok Wa (*Chairman*)  
Mr. Lo Kai Bong  
Mr. Au Chung On John  
Mr. Manuel Assis Da Silva

*Independent non-executive Directors:*

Mr. Tou Kin Chuen  
Dr. Wu Kam Fun Roderick  
Mr. Lo Wai Tung John

*Registered office:*

Cricket Square,  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong*

Unit 1705, 17/F., West Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

11 February 2021

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION:  
CONSTRUCTION AGREEMENTS AS REVISED AND  
SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT  
IN RELATION TO  
CONSTRUCTION OF MAIN HOTEL CASINO**

#### **INTRODUCTION**

Reference is made to the Announcements on, among other matters, the Construction Agreements as revised and supplemented by the Supplemental Agreement.

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## LETTER FROM THE BOARD

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The Construction Agreements as revised and supplemented by the Supplemental Agreement have been approved by way of written approval of the Controlling Shareholder, which as well as all other Shareholders do not have a material interest in the Construction Agreements as revised and supplemented by the Supplemental Agreement and are not 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 Stock Exchange has granted a waiver to despatch this circular beyond the 15-business day timeline as that required under Rule 14.41(a) to on or before 11 February 2021. Accordingly, no extraordinary general meeting of the Company will be convened and held to approve the Construction Agreements as revised and supplemented by the Supplemental Agreement.

The purpose of this circular is to provide you for information purposes only with, among other matters, (i) further details of the Construction Agreements as revised and supplemented by the Supplemental Agreement; and (ii) certain financial information and other information of the Group, all as required to be included in this circular under the Listing Rules.

### CONSTRUCTION AGREEMENTS

On 13 November 2020, SunTrust entered into the Construction Agreement I and Construction Agreement II with Megawide appointing Megawide as the contractor to undertake certain of the construction works of the Main Hotel Casino, with the date of the agreements, parties and terms as set out below.

#### Construction Agreement I

Date: 13 November 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.

Subject matter: Megawide as main contractor is to undertake the construction of the basement, podium and tower of the Main Hotel Casino (the "**Works I**").

Project site: Lot 5 & 6, Jose W. Diokno Boulevard, Barangay Tambo, Paranaque City, the Philippines upon which the Main Hotel Casino is to be erected.

Contract sum: The contract sum payable by SunTrust to Megawide under the Construction Agreement I shall be PHP4,017,000,000 (equivalent to approximately HK\$644.9 million).

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## LETTER FROM THE BOARD

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The contract sum is inclusive of value added tax and other necessary duties, fees and taxes and call costs necessary for the proper execution of the Works I.

The contract sum is payable in the following manner:

- (i) 25% of the contract sum (i.e. PHP1,004,250,000 (equivalent to approximately HK\$161.2 million)) as advance payment (“**25% Advance Payment**”) shall be released to Megawide during the month of December 2020 at SunTrust’s discretion after submission by Megawide to SunTrust of an advance payment bond in an amount same as the 25% Advance Payment; and
- (ii) the balance of the contract sum shall be paid by SunTrust to Megawide on a progress basis commensurate with the completion progress (or percentage completion) of the 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 as may be issued by Megawide on a monthly basis.

As at the Latest Practicable Date, the 25% Advance Payment has been paid.

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

The contract sum payable by SunTrust under the Construction Agreement I was determined after arm’s length negotiation with Megawide with reference to the estimated cost of the construction works, the market price of projects of similar nature, and tender prices of the tenderers. Megawide was considered the most suitable tenderer as they have vast experiences as main contractor for various construction projects.

The Directors, including the independent non-executive Directors, considered that the Construction Agreement I is fair and reasonable.

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## LETTER FROM THE BOARD

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Defects liability period: 12 months from the date of taking over by SunTrust of the basement, podium and tower of the Main Hotel Casino.

Completion date: Within 910 calendar days from the date of commencement of the Construction Agreement I, which is no later than 14 calendar days upon signing of the Construction Agreement I.

### Construction Agreement II

Date: 13 November 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.

Subject matter: Megawide as main contractor is to undertake the construction work of pile cap, excavation and lateral support and additional pile cap area of the Main Hotel Casino (the "**Works II**").

Project site: Lot 5 & 6, Jose W. Diokno Boulevard, Barangay Tambo, Paranaque City, Philippines upon which the Main Hotel Casino is to be erected.

Contract sum: The contract sum payable by SunTrust to Megawide under the Construction Agreement II shall be PHP2,268,888,888 (equivalent to approximately HK\$364.3 million).

The contract sum is inclusive of value added tax and other necessary duties, fees and taxes and call costs necessary for the proper execution of the Works II.

The contract sum is payable in the following manner:

- (i) 28% of the contract sum (i.e. PHP635,288,888 (equivalent to approximately HK\$102.0 million)) as advance payment ("**28% Advance Payment**") shall be released to Megawide after submission by Megawide to SunTrust of an advance payment bond in an amount same as the 28% Advance Payment; and

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## LETTER FROM THE BOARD

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- (ii) the balance of the contract sum shall be paid by SunTrust to Megawide on a progress basis commensurate with the completion progress (or percentage completion) of the 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 as may be issued by Megawide on a monthly basis.

As at the Latest Practicable Date, the 28% Advance Payment has been paid.

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

The contract sum payable by SunTrust under the Construction Agreement II was determined after arm's length negotiation with Megawide with reference to the estimated cost of the construction works, the market price of projects of similar nature, and tender prices of the tenderers. Megawide was considered the most suitable tenderer as they have vast experiences as main contractor for various construction projects.

The Directors, including the independent non-executive Directors, considered that the Construction Agreement II is fair and reasonable.

Defects liability period:

12 months from the date of taking over by SunTrust of the construction work of pile cap, excavation and lateral support and additional pile cap area of the Main Hotel Casino.

Completion date:

Within 252 calendar days from the date of commencement of the Construction Agreement II, which is no later than 14 calendar days upon signing of the Construction Agreement II.

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## LETTER FROM THE BOARD

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### 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 and supplemented by the Supplemental Agreement. The date, parties, the revision 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:

- (a) potential variations for design development of the Main Hotel Casino of additional architectural, structural and civil works;
- (b) provision of site facilities for contractors to be appointed directly by SunTrust (the "**Attendance**"); and
- (c) the additional work of the following:
  - (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**")

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## LETTER FROM THE BOARD

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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.

(collectively, the “**Additional Works I**”)

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

Revised contract sum: From PHP4,017,000,000 (equivalent to approximately HK\$644.9 million) revised to PHP23,617,000,000 (equivalent to approximately HK\$3,791.8 million) comprises the following:

- (i) PHP4,017,000,000 (equivalent to approximately HK\$644.9 million) for Works I;
- (ii) For Additional Works I:
  - (a) PHP2,800,000,000 (equivalent to approximately HK\$449.5 million) for potential variations for design development of the Main Hotel Casino of additional architectural, structural and civil works;
  - (b) PHP660,000,000 (equivalent to approximately HK\$106.0 million) for the Attendance for other contractors to be appointed directly by SunTrust for the construction of the Main Hotel Casino; and
  - (c) PHP16,140,000,000 (equivalent to approximately HK\$2,591.3 million) for additional work of the following (including Profit and Attendance):
    - (1) PHP2,220,000,000 (equivalent to approximately HK\$356.4 million) for the additional work of façade, building maintenance unit and marquee sign;
    - (2) PHP9,680,000,000 (equivalent to approximately HK\$1,554.1 million) for the additional work of mechanical, electrical, plumbing and fire;
    - (3) PHP2,530,000,000 (equivalent to approximately HK\$406.2 million) for the additional work of extra-low voltage;

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## LETTER FROM THE BOARD

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- (4) PHP1,000,000,000 (equivalent to approximately HK\$160.6 million) for the additional work of specialist systems; and
- (5) PHP710,000,000 (equivalent to approximately HK\$114.0 million) for the additional work of back of house fitting out.

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: From PHP2,268,888,888 (equivalent to approximately HK\$364.3 million) revised to PHP2,668,888,888 (equivalent to approximately HK\$428.5 million) comprises the following:

- (i) PHP2,268,888,888 (equivalent to approximately HK\$364.3 million) for Works II; and
- (ii) PHP400,000,000 (equivalent to approximately HK\$64.2 million) for the Additional Works II.

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.

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## LETTER FROM THE BOARD

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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.

The Directors, including the independent non-executive Directors, considered that the Supplemental Agreement is fair and reasonable.

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 to be raised by SunTrust for financing the development and construction of the Main Hotel Casino.

### **FINANCIAL EFFECTS OF THE CONSTRUCTION AGREEMENTS AS REVISED AND SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT**

The revised aggregate contract sum of the Construction Agreements as revised and supplemented by the Supplemental Agreement of PHP26,285,888,888 (equivalent to approximately HK\$4,220.3 million) is anticipated to be funded by funds to be raised by SunTrust. Following the completion of the Works, the property, plant and equipment of the Group are expected to be increased by approximately PHP26,285,888,888 (equivalent to approximately HK\$4,220.3 million) representing the payments of the revised aggregate contract sum. The increase in property, plant and equipment will be offset by the decrease in the bank balances and cash of the Group and increase in bank borrowings of the Group representing the external financings to be raised by SunTrust. As a result, the net asset value of the Group is expected to have no significant changes.

The Company does not expect the completion of the Works for the Main Hotel Casino to have any material impact on its earnings immediately after their completion. The commencement of the operation of Main Hotel Casino may have a positive impact on the Group's earnings in the long run.

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## LETTER FROM THE BOARD

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### 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 the PRC and Japan; (ii) property leasing and management and operation of malls 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 an integrated resort in the Philippines; and (vi) through the SA Group, the 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.

### INFORMATION OF SUMMIT ASCENT

Set out below is the information of Summit Ascent, which became a non-wholly owned subsidiary of the Group after 31 December 2019, being the date to which the latest published audited accounts of the Company have been made up.

Summit Ascent is a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 102).

Summit Ascent is an investment holding company with the SA Group principally engaged in the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation.

Summit Ascent became a 69.66% owned subsidiary of the Company immediately after the taking up of the rights shares of Summit Ascent by Victor Sky Holdings Limited (a wholly-owned subsidiary of the Company) as underwriter and shareholder and by the Company as shareholder (the “**Subscription**”) pursuant to the rights issue of Summit Ascent on the basis of three rights shares for every two existing shares of Summit Ascent at a subscription price of HK\$0.6 per rights share of Summit Ascent. The financial results of Summit Ascent are consolidated into the Group’s consolidated financial statements for the year ended 31 December 2020.

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## LETTER FROM THE BOARD

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The aggregate value of the consideration for the Subscription is HK\$1,617,152,008 and was satisfied by the loan facility from Star Hope Limited (“**Star Hope**”), which is a connected person of the Company for it being a company wholly-owned by Mr. Chau, to the Group up to the extent of HK\$1,650,000,000 at an annual interest rate of 3.5%, which was subsequently set off when perpetual securities in the corresponding amount was issued pursuant to the subscription agreement dated 18 August 2020 with the Company agreed to issue, and Star Hope agreed to subscribe for HK\$6,000 million 5.00% perpetual securities of the Company. Hence, the consideration for the Subscription has been settled.

There will be no variation in the aggregate remuneration payable to and benefits in kind receivable by the directors of Summit Ascent in consequence of the Subscription.

### INFORMATION OF DONGYANG XINGUANG

Set out below is the information of Dongyang Xinguang, which became a wholly-owned subsidiary of the Group after 31 December 2019, being the date to which the latest published audited accounts of the Company have been made up.

Dongyang Xinguang is a company established in the PRC with limited liability and it is principally engaged in management and operation of mall in the PRC.

Dongyang Xinguang entered into a tenancy agreement (as amended and supplemented) in relation to a lease as a lessee on the shopping mall for a term of twenty (20) years commencing on 1 January 2015 and ending on 31 December 2034. The shopping mall comprises 620 units with a total floor area of 65,241.98 square metres, and located at 浙江省東陽市吳寧街道南街51號新光天地 (Xinguang Tiandi, No. 51 Wuningjiedao Nanjie, Dongyang City, Zhejiang Province<sup>#</sup>).

On 13 November 2020, 深圳聯天置業有限公司 (Shenzhen Sky Alliance Property Company Limited<sup>#</sup>), a wholly-owned subsidiary of the Company, has succeeded in the judicial auction administered by an open auction platform on the instruction of 浙江省金華市中級人民法院 (Intermediate People’s Court of Jinhua City, Zhejiang Province) for the acquisition of 100% equity interest in Dongyang Xinguang (the “**Judicial Auction**”) at the bidding price of RMB26,500,000 (equivalent to approximately HK\$31,488,000) and has registered as the registered owner of 100% equity interest in Dongyang Xinguang since 19 November 2020. Dongyang Xinguang became a wholly-owned subsidiary of the Company and its financial results are consolidated into the Group’s consolidated financial statements for the year ended 31 December 2020.

The aggregate value of the consideration for the Judicial Auction of RMB26,500,000 (equivalent to approximately HK\$31,488,000) was financed by internal resources of the Group.

There will be no variation in the aggregate remuneration payable to and benefits in kind receivable by the directors of Dongyang Xinguang in consequence of the Judicial Auction.

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## LETTER FROM THE BOARD

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

Contractors have to be appointed to carry out construction work for the construction of the Main Hotel Casino. By the Construction Agreements, Megawide is appointed as the main contractor for the Works I and Works II.

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.

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## LETTER FROM THE BOARD

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To the best of the knowledge of the Directors, no Shareholders, including the Controlling Shareholder which holds 4,991,643,335 Shares (representing approximately 74.85% interest in the Company) which 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.

Application has been made by the Company to the Stock Exchange for and the Stock Exchange has granted a waiver from strict compliance with Rule 14.41(a) to despatch this circular on, among others, the Construction Agreements as revised and supplemented by the Supplemental Agreement within 15 business days as that required under that Rule to on or before 11 February 2021 as time is required by the Company to gather the information required to be included in this circular, including, among others, the statement of indebtedness and the sufficiency of working capital statement. The Construction Agreements as revised and supplemented by the Supplemental Agreement has been approved by way of written approval of the Controlling Shareholder. Accordingly, no extraordinary general meeting of the Company will be convened and held to approve the Construction Agreements as revised and supplemented by the Supplemental Agreement.

### **FURTHER INFORMATION**

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
By order of the Board  
**Suncity Group Holdings Limited**  
**Chau Cheok Wa**  
*Chairman*

**1. FINANCIAL SUMMARY**

A summary of the financial information with respect to the profits and losses, financial record and position of the Group for the three financial years ended 31 December 2019 is set out in a comparative table on pages 6 and 7 of the annual report of the Company for the year ended 31 December 2019.

The audited consolidated financial statements of the Group for the year ended 31 December 2019 together with the notes thereto are contained in the annual report of the Company for the year ended 31 December 2019 published as “2019 Annual Report” on 11 June 2020 on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0611/2020061100380.pdf>) and are incorporated in this circular by way of reference.

A summary of the financial information with respect to the profits and losses, financial record and position of Summit Ascent for the three financial years ended 31 December 2019 is set out in a comparative table on page 141 of the annual report of Summit Ascent for the year ended 31 December 2019.

The audited consolidated financial statements of Summit Ascent for the year ended 31 December 2019 together with the notes thereto are contained in the annual report of Summit Ascent for the year ended 31 December 2019 published as “2019 Annual Report” on 22 April 2020 on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0422/2020042200696.pdf>) and are incorporated in this circular by way of reference.

## 2. STATEMENT OF INDEBTEDNESS

**The Group**

As at 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness, the Group had the following aggregate outstanding indebtedness:

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of bank borrowings	376,507	–	376,507
Carrying amount of other borrowings	242,416	693,725	936,141
Principal amount of loans from non-controlling shareholders of subsidiaries	83,613	160,510	244,123
Carrying amount of interest payables of loans from non-controlling shareholders of a subsidiary	–	2,666	2,666
Carrying amount of amount due to a director	–	4,700	4,700
Principal amount of amount due to a related company	–	255,005	255,005
Carrying amount of interest payables of amount due to a related company	–	1,761	1,761
Principal amount of convertible bonds payable to related companies	–	607,853	607,853
Lease liabilities	8,575	824,509	833,084
	<u>711,111</u>	<u>2,550,729</u>	<u>3,261,840</u>
Principal amount of perpetual securities issued	<u>–</u>	<u>4,768,970</u>	<u>4,768,970</u>
Proposed distributions arose from the perpetual securities issued	<u>–</u>	<u>76,599</u>	<u>76,599</u>

As at 31 December 2020, except for a bank loan of approximately RMB51,508,000 was guaranteed by Mr. Chau, all of the above indebtedness were unguaranteed.

***Pledged assets***

The Group pledged the entire equity interest of a subsidiary, certain of its property, plant and equipment, investment properties, inventories and bank deposits for credit facilities granted to the Group. The secured and unguaranteed lease liabilities of the Group were secured by rental deposits paid by the Group.

As at 31 December 2020, the indirect equity interest of approximately 34% in Hoi An South Development Limited (“**HASD**”), a subsidiary of the Company’s joint venture, were pledged to a bank for the banking facilities granted to HASD.

***Contingent liabilities and guarantees***

As at 31 December 2020, the Group provided guarantees to certain banks in respect of mortgage facilities granted in connection with the mortgage loans entered into by buyers of the Group’s properties of approximately RMB623,000. Pursuant to the terms of the guarantees contract, if there are any defaults on the mortgages, the Group is liable to the repayment of the outstanding mortgage principals together with the accrued interest and penalty payable by the defaulting buyers to banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees shall be released upon the issue of the relevant buyer’s property ownership certificate and in the custody of the banks.

Bank balances of approximately RMB299,000 have been pledged with the banks as guarantee deposits for the mortgage loan facilities granted by the banks to buyers of the Group’s properties as at 31 December 2020.

As at 31 December 2020, the Group was involved in several litigations in relation to the construction of the Group’s properties under development in the PRC with several contractors and suppliers, who are independent third parties to the Company and Summit Ascent. Based on the view that the legal proceeding was still in progress and with reference to the legal opinion obtained from the Company’s PRC lawyer, the management considered that the likelihood for further outflow of resources of the Group was not probable, and therefore, liabilities in relation to these litigations have been disclosed as contingent liabilities.

***General***

Save as aforesaid and apart from intra-group liabilities and normal trade payables arising in the ordinary course of business, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills), mortgages and charges, acceptance credits, hire purchase commitments, other material contingent liabilities or guarantees outstanding as at 31 December 2020.

### 3. MATERIAL ADVERSE CHANGE

As disclosed in:

- (i) the interim report of Summit Ascent for the six months ended 30 June 2020 (“**1H 2020**”), (a) the SA Group’s total revenue in 1H 2020 was HK\$96.0 million, down 63% compared with the corresponding period in 2019 due to the temporary suspension of the gaming operations of Tigre de Cristal from 28 March 2020 until its reopening from 16 July 2020 and the number of foreigners visiting the SA Group’s property plummeted after governments of various countries have issued entry restrictions, visa suspensions and quarantine measures for travellers due to the COVID-19 pandemic; and (b) the SA Group recorded a loss attributable to owners of Summit Ascent of HK\$47.0 million in 1H 2020 versus a profit of HK\$42.8 million compared with the corresponding period in 2019;
- (ii) the voluntary announcement of Summit Ascent dated 15 July 2020 in relation to Tigre de Cristal was allowed to be reopened for business from 16 July 2020 onwards and the gaming areas, the hotel and other amenities were permitted to resume operations according to respective measures recommended by the Russian Government;
- (iii) the profit warning announcement of Summit Ascent dated 11 August 2020 in relation to the preliminary review of the management accounts of the SA Group at the time that the outbreak of the COVID-19 has had a huge impact on the gaming and hotel operations of the SA Group in 1H 2020 due to (a) the temporary entry ban to the Russian Federation of foreign nationals, including those from Hong Kong and Macau, which had an adverse impact on the SA Group’s visitation in early 2020, and (b) the SA Group’s gaming operation was suspended from or about 28 March 2020 to comply with the measures to control the COVID-19 outbreak as announced by the Russian government; and
- (iv) the profit warning announcement of the Company dated 18 August 2020 in relation to the preliminary review of the management accounts of the Group, the outbreak of COVID-19 had a significant impact on the Group’s travel and tourism related products and services in 1H 2020 as a result of the travel restrictions imposed by the government of the Macau Special Administrative Region of the PRC (“**Macau**”) and the decrease in number of visitors to Macau during the first half of 2020.

Moreover, due to the seize of certain portion of the investment properties in relation to the 2013 Litigation as described in “Appendix II (General Information) – 7. Litigation” in this circular, a subsidiary of the Group was in breach of the covenants in respect of a bank borrowing, which led to an event of default for such bank borrowing. Accordingly, the bank borrowing amounting to RMB47,500,000 is reclassified from non-current liabilities to current liabilities as of 30 June 2020. On discovery of the breach, the Company has informed the relevant bank and commenced negotiations to obtain waiver from strict compliance with the relevant financial covenants.

Save as disclosed above and the sections headed “49. EVENTS AFTER THE REPORTING PERIOD” in the annual report of the Company for the year ended 31 December 2019 and “28. EVENTS AFTER THE REPORTING PERIOD” in the interim report of the Company for the six months ended 30 June 2020 (“**2020 Interim Report**”), as at the Latest Practicable Date, the Directors confirmed there has not been any material adverse change in the financial or trading position of the Group since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

#### 4. DETAILS OF THE ESTIMATED CONSTRUCTION AND DEVELOPMENT COSTS OF THE MAIN HOTEL CASINO

In relation to the Main Hotel Casino, the total construction and development costs paid and estimated to be payable by the Group are as follows:

	<b>Year ended 31 December 2020</b>			
<b>Total construction and development costs paid by the Group (approximately US\$ in million)</b>				<b>220</b>
	<b>Year ending 31 December</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
<b>Estimated total construction and development costs expected to be payable by the Group (approximately US\$ in million)</b>	<b>280</b>	<b>400</b>	<b>100</b>	<b>780</b>

Based on the current development plan and schedule of the Main Hotel Casino, the total construction and development costs of the Main Hotel Casino for it to commence operation in 2023 (“**Total Initial Costs**”) are estimated to be approximately US\$1,000 million (equivalent to approximately RMB6,740 million).

Given the construction and development of the Main Hotel Casino is still at its preliminary stage of design and construction, the breakdown of the Total Initial Costs by year sets out in the table above is by no means definitive, is estimation and is subject to variants including without limitation, changes in the design and development, development schedule and development phases, and in particular, the impact of COVID-19 on its development progress, schedule and/or government approval which may necessitate further changes.

The Group is considering to conduct debt and/or equity financings to raise the estimated construction and development costs in the amount of US\$280 million expected to be payable by the Group for the year ending 31 December 2021.

In relation to the funding need required by the Group in respect of the estimated construction and development costs in the amounts of US\$400 million and US\$100 million expected to be payable by the Group for the years ending 31 December 2022 and 2023, respectively, the Group may carry out equity fund raising, loan financing from banks, financial institutions or other parties, debt financing or the like.

## 5. SUFFICIENCY OF WORKING CAPITAL

As at 31 December 2020, the Group's total borrowings comprising bank and other borrowings, loans from non-controlling shareholders of subsidiaries, convertible bonds due to related companies, non-trade related amounts due to a related company, non-controlling shareholders of a subsidiary and a director and lease liabilities amounted to approximately RMB3,261,840,000.

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of this circular. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations that will be due in the coming twelve months from the date of this circular based on the Group's existing resources and upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

- SunTrust will be succeeded in raising fund to the extent of US\$350 million (equivalent to approximately RMB2,359 million), through debt and/or equity financings to satisfy the total funding need in the amount of US\$350 million (equivalent to approximately RMB2,359 million) of the construction and development of the Main Hotel Casino in the next twelve months from the date of this circular.

In the unlikely event that the financings of US\$350 million (equivalent to approximately RMB2,359 million) cannot be raised, the impact of the working capital sufficiency forecast will be minimal, if at all, on the basis that the availability of unsubscribed portion of HK\$628 million (equivalent to approximately RMB529 million) of the HK\$6,000 million 5.00% perpetual securities of the Company ("**Perpetual Securities**") agreed to be issued by the Company (as issuer) and subscribed by Star Hope Limited ("**Star Hope**") (as subscriber) pursuant to the subscription agreement dated 18 August 2020 and the continuing financing support from Mr. Chau if and when needed by the Group and his confirmation that he will procure companies controlled by him not to request for repayment of amounts due to him by the Group as stated in a letter of undertaking from Mr. Chau which will hold good for a period of 15 months from the Latest Practicable Date have been factored when assessing the working capital sufficiency forecast of the Group.

- The Group had certain loans from non-controlling shareholders of MSRDC Corporation Limited ("**MSRD**") with principal amount of JPY1,323,000,000 (equivalent to approximately RMB83,613,000) pursuant to the loan and security agreement dated 30 August 2019 and the supplemental agreement dated 21 July 2020. The maturity date of the loans will be 21 July 2021. The Group has obtained a letter of undertaking from the non-controlling shareholders of MSRDC that the loans from non-controlling shareholders will be further renewed upon July 2021 for more than one year if necessary.

- The non-controlling shareholders of MSRDC will inject approximately JPY200 million (equivalent to approximately RMB12.6 million), representing the consideration for subscription of 49% of new shares to be issued by MSRDC or further shareholders' loan during 2021.
- Mr. Chau, its controlling shareholder, will provide financial support to the Group to meet its financial obligation if it is required. Based on the Board's review of Mr. Chau's financial background and information, assets backing and the track record of Mr. Chau's continuous financial support to the Group, the Board is of the view that Mr. Chau has sufficient financial resources to render his financial support to the Group.

After taking into account of the Group's business prospects, financial support from controlling shareholder, internal resources, and the available committed and uncommitted financing facilities and arrangements, equity issuance as mentioned above, the Directors are satisfied that, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described above. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of this circular is highly dependent on the Group's ability to obtain sufficient financial support from its controlling shareholder, Mr. Chau, generate adequate financing cash flows through successful securing of the financing from banks or financial institutions, extending loans which will be matured in the next twelve months from the date of this circular, issuance of convertible bonds and shares by subsidiaries and other long-term financing.

## **6. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group continued to engage in (i) property development in the PRC and Japan; (ii) property leasing and management and operation of malls in the PRC; (iii) provision of hotel and integrated resort general consultancy services in Vietnam; (iv) provision of travel related products and services; (v) development and operation of an integrated resort in the Philippines; and (vi) through the SA Group, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation.

Outside the Greater China, in addition to the entering into several technical service and casino management agreements in Vietnam in 2018, the Group has been expanding its tourism-related business in the South East Asia region. The Group has successfully acquired a joint venture which primarily holds approximately 34% equity interest in Hoiana in 2018. The Certificate for the Eligibility for Casino Business in relation to the casino operation of Hoiana in Vietnam was granted in May 2020, and the soft opening took place on 28 June 2020. Hoiana features an integrated resort with a casino that holds gaming tables, electronic gaming machines, Asian delights and other international cuisine with more than 1,000 hotel rooms and an eighteen-hole golf course. As all the relevant regulatory requirements in relation to casino business activities have been complied, the grand opening of Hoiana is scheduled to take place in 2021.

Summit Ascent holds 77.5% of the controlling interest in an integrated resort named “Tigre de Cristal” in the Russian Far East. Phase 1 of Tigre de Cristal has commenced operation since 2015 and is comprised of gaming area with about 30 VIP gaming tables, 35 mass gaming tables and 330 slot machines and a 121-room 5-star hotel with F&B and retail outlets. Phase 2 of Tigre de Cristal is expected to commence operation in 2022, including a 4-star hotel with 350 rooms, 50 VIP gaming tables, 25 mass gaming tables and 300 slot machines, four restaurants, additional entertainment and retail facilities and an indoor beach club. Upon completion of the rights issue of Summit Ascent on the basis of three rights shares for every two existing shares of Summit Ascent at a subscription price of HK\$0.6 per rights share of Summit Ascent and pursuant to an underwriting agreement dated 1 June 2020 entered into between Summit Ascent and Victor Sky Holdings Limited (a wholly-owned subsidiary of the Company) acting as the underwriter, the Group’s equity interest in Summit Ascent increased from approximately 24.74% to approximately 69.66% and Summit Ascent has become a subsidiary of the Company.

The Group also owns 51% of the issued share capital of MSRDC, which held a plot of land with a total site area of 108,799 sq.m. located on Miyako Island, Okinawa, Japan. Subject to the final development plan to be approved by the Group, MSRDC intends to build 40 villas with pool and a hotel of more than 100 rooms on the land.

The Group also owns 100% of the issued share capital of Honour City Limited (“**Honour City**”), which held the land parcels with a total site area of 220,194 sq.m. in Hokkaido, Japan. Subject to the final development plan to be approved by the Group, Honour City intends to build 50 villas, 20 townhouses and a hotel of 40 rooms on the land.

Upon completion of the acquisition by Fortune Noble of the 1,147,500,000 shares of SunTrust on 28 October 2019, SunTrust became a 51% owned subsidiary of the Company. Pursuant to the operations and management/services agreement dated 4 May 2020 entered into between Westside City Resorts World Inc. as appointer and SunTrust as appointee in relation to the appointment of SunTrust as the sole and exclusive operator to operate and manage the Main Hotel Casino as contemplated under the co-development agreement dated 28 October 2019 (as the same is supplemented and amended from time to time), SunTrust will be the sole and exclusive operator and manager of the Main Hotel Casino, which will be a 5-star hotel and casino complex at the Entertainment City, Manila, the Philippines. The Main Hotel Casino is expected to commence operation in 2023.

On 29 May 2020, SunTrust and Fortune Noble have entered into the subscription agreement of the PHP7.3 billion (equivalent to approximately HK\$1.1 billion) zero coupon convertible bonds of SunTrust to be issued by SunTrust to Fortune Noble (the “**Fortune Noble Subscribed CB**”). The subscription price payable by Fortune Noble for the subscription of the Fortune Noble Subscribed CB under the subscription agreement will be applied by SunTrust for the development of the Main Hotel Casino. Upon full exercise of the rights to convert the Fortune Noble Subscribed CB into shares of SunTrust at the initial conversion price of PHP1.1 per share of SunTrust (the “**SunTrust Conversion Shares**”), SunTrust will become 74.42% owned by the Company (on the basis of 7,250,000,000 shares of SunTrust in issue as at the date of this circular and assuming no change in that number other than by the issuance of the SunTrust Conversion Shares).

On 1 June 2020, SunTrust (as issuer) and Summit Ascent Investments Limited (as subscriber), a wholly-owned subsidiary of Summit Ascent, entered into the subscription agreement pursuant to which Summit Ascent Investments Limited has conditionally agreed to subscribe for the 6% coupon rate convertible bonds in the aggregate principal amount of up to PHP5.6 billion (equivalent to HK\$899 million) convertible into shares of SunTrust at the initial conversion price of PHP1.8 per share of SunTrust (the “**Summit Ascent Subscribed CB**”).

Both the Fortune Noble Subscribed CB and the Summit Ascent Subscribed CB have been issued by SunTrust to Fortune Noble and Summit Ascent Investments Limited respectively in December 2020.

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. 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.

The Group’s business strategies will continue in tourism-related business in Asian countries. The Group is dedicated to bring greater value to the Shareholders in the long run.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors' and chief executives' interests in the Company or its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to (i) Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

#### (i) Long positions in the Shares and/or the underlying Shares of the Company

Name of Director	Capacity/ nature of interest	Number of Shares held	Number of underlying Shares held under equity derivatives	Total	Percentage of the issued share capital of the Company (Note 8)
Mr. Chau	Interest of controlled corporation	4,991,643,335 (Note 1)	1,742,820,512 (Note 2)	6,734,463,847	100.99%
Mr. Lo Kai Bong	Interest of controlled corporation	5,770,000 (Note 3)	133,333,333 (Note 4)	139,103,333	2.08%
	Beneficial owner	1,230,000	40,000,000 (Note 5)	41,230,000	0.61%
Mr. Au Chung On John	Beneficial owner	–	40,000,000 (Note 6)	40,000,000	0.59%
	Interest of spouse	400,000	–	400,000	0.01%

Name of Director	Capacity/ nature of interest	Number of Shares held	Number of underlying Shares held under equity derivatives	Total	Percentage of the issued share capital of the Company (Note 8)
Mr. Manuel Assis Da Silva	Beneficial owner	290,000	3,000,000 (Note 7)	3,290,000	0.04%
	Interest of spouse	520,000	–	520,000	0.01%

*Notes:*

- This represents interests held by Mr. Chau through Fame Select Limited (“**Fame Select**”), which holds 4,991,643,335 Shares. Mr. Chau has 50% interests in Fame Select and is therefore deemed to be interested in 4,991,643,335 Shares.
- Out of 1,742,820,512 underlying Shares, 1,546,153,846 underlying Shares and 196,666,666 underlying Shares were held by Fame Select and Star Hope Limited (“**Star Hope**”) respectively.  
  
The 1,546,153,846 underlying Shares held by Fame Select represents the maximum of 1,546,153,846 conversion Shares to be issued upon the full conversion of the convertible bonds issued by the Company to Fame Select at the initial conversion price of HK\$0.26 (subject to adjustments). Mr. Chau has 50% interests in Fame Select and is therefore deemed to be interested in 1,546,153,846 underlying Shares.  
  
The 196,666,666 underlying Shares held by Star Hope represents the maximum of 196,666,666 conversion Shares to be issued upon the full conversion of another convertible bonds issued by the Company to Star Hope at the initial conversion price of HK\$0.90 (subject to adjustments). Mr. Chau has 100% interests in Star Hope and is therefore deemed to be interested in 196,666,666 underlying Shares.
- This represents interests held by Mr. Lo Kai Bong through Better Linkage Limited and Ever Smart Capital Limited (companies wholly and beneficially owned by Mr. Lo Kai Bong).
- This represents the maximum of 133,333,333 conversion Shares to be issued upon the full conversion of another convertible bonds issued by the Company to Better Linkage Limited, at the initial conversion price of HK\$0.90 (subject to adjustments). Mr. Lo Kai Bong has 100% interests in Better Linkage Limited and is therefore deemed to be interested in 133,333,333 underlying Shares.
- Mr. Lo Kai Bong is interested in 40,000,000 share options at an exercise price of HK\$0.455 per Share to subscribe for Shares.
- Mr. Au Chung On John is interested in 40,000,000 share options at an exercise price of HK\$0.90 per share to subscribe for Shares.
- Mr. Manuel Assis Da Silva is interested in 3,000,000 share options at an exercise price of HK\$0.455 per Share to subscribe for Shares.
- The percentage has been calculated based on the total number of Shares of the Company in issue as at the Latest Practicable Date (i.e. 6,667,972,746 Shares).

(ii) *Long position in the shares and/or the underlying shares of the Company's associated corporation*

Name of associated corporation	Name of Director	Capacity/ nature of interest	Number of shares of the Company's associated corporation held	Percentage of the issued share capital of the Company's associated corporation (Note 2)
Summit Ascent	Mr. Chau	Interest of controlled corporation (Note 1)	3,141,561,811	69.66%

*Notes:*

- These 3,141,561,811 shares represent 123,255,000 shares of Summit Ascent beneficially owned by the Company and 3,018,306,811 shares of Summit Ascent beneficially held by Victor Sky Holdings Limited (“**Victor Sky**”). As at the Latest Practicable Date, (a) Victor Sky was wholly-owned by the Company; and (b) the Company was 74.85% owned by Fame Select, which was owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. By virtue of the SFO, Mr. Chau is deemed to be interested in the shares of Summit Ascent in which the Company is interested, including those in which Victor Sky is interested.
- The percentage has been calculated based on the total number of shares of Summit Ascent in issue as at the Latest Practicable Date (i.e. 4,509,444,590 shares of Summit Ascent).

**3. COMPETING INTEREST**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor any of their close associates had interest in any business apart from the Group's business which competed or would likely to compete, either directly or indirectly, with the businesses of the Group.

**4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the any member of the Group which was not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

**5. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT**

On 5 November 2019, Sun Travel Ltd. (“**Sun Travel**”), a wholly-owned subsidiary of the Company, and Sun City Gaming Promotion Company Limited (“**Sun City Gaming Promotion**”) entered into two agreements in relation to (i) the supply of hotel accommodation and related services by Sun City Gaming Promotion to Sun Travel and (ii) 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, respectively (together, the “**2019 CCT Agreements**”). As Sun City Gaming Promotion is wholly-owned by Mr. Chau, Mr. Chau is deemed to have a material interest in the 2019 CCT Agreements.

On 18 August 2020, the Company as issuer entered into a subscription agreement with Star Hope as subscriber, pursuant to which the Company agreed to issue, and Star Hope agreed to subscribe for HK\$6,000 million 5.00% perpetual securities of the Company. As at the Latest Practicable Date, Perpetual Securities in the amount of HK\$5,372 million were issued by the Company of which the first tranche of the Perpetual Securities in the amount of HK\$3,887 million was issued on 18 August 2020 to effect repayment of a pro tanto amount of the amount due from the Company to Star Hope under the loan facilities granted by Star Hope. As at the Latest Practicable Date, the Company is in full settlement of the amount due to Star Hope under the loan facilities granted by Star Hope.

On 8 January 2021, Sun Travel and Mr. Chau entered into an agreement (the “**Master Charter Services Agreement**”) in relation to the provision and obtaining of aircraft charter services, inclusive of the operation of aircraft and the provisions of charter flights organised or provided by Sun Travel for a customer, pursuant to which Sun Travel shall provide the aircraft charter services to Mr. Chau and his associates for a fixed period from 8 January 2021 to 31 December 2022. As the counterparties to the Master Charter Services Agreement are Mr. Chau and his associates, Mr. Chau is deemed to have a material interest in the Master Charter Services Agreement.

On 8 January 2021, Sun Travel and Mr. Chau entered into an agreement (the “**Travel Related Services Master Agreement**”) in relation to the provision and obtaining of services in relation to (i) 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, (ii) sales of hotel accommodation and other related services and (iii) provision of travel agency services, including but not limited to reservation of helicopter, flight and limousine services, and other related services (collectively referred to as “**Travel Related Services**”) pursuant to which Sun Travel shall provide the Travel Related Services to Mr. Chau and his associates but excluding Sun City Gaming Promotion and its subsidiaries from time to time for a period from 8 January 2021 to 31 December 2022. As the counterparties to the Travel Related Services Master Agreement are Mr. Chau and his associates, Mr. Chau is deemed to have a material interest in the Travel Related Services Master Agreement.

As at the Latest Practicable Date, the Group has the zero coupon convertible bonds with outstanding aggregate principal amount of HK\$402,000,000 (“**2016 Convertible Bond**”) held by Fame Select, the immediate holding company of the Company which is owned as to 50% by Mr. Chau. Pursuant to the supplemental deed dated 15 October 2020, the maturity date of the 2016 Convertible Bond which remains outstanding has been extended by 24 months from 7 December 2020 to 7 December 2022. The 2016 Convertible Bond is convertible into Shares at the conversion price of HK\$0.26 per Share (subject to adjustments).

As at the Latest Practicable Date, the Group has the zero coupon convertible bonds with outstanding aggregate principal amount of HK\$297,000,000 (“**2018 Convertible Bond**”) held by Star Hope and Better Linkage Limited, a company beneficially wholly-owned by Mr. Lo Kai Bong, an executive Director of the Company respectively. Pursuant to the supplemental deed dated 3 July 2020, the maturity date of the 2018 Convertible Bond has been extended by 24 months from 28 August 2020 to 28 August 2022. The 2018 Convertible Bond is convertible into Shares at the conversion price of HK\$0.90 per Share (subject to adjustments).

Save as disclosed above, as at the date of this circular, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (1) the agreement dated 23 April 2019 entered into between (i) Victor Sky (as purchaser), a wholly-owned subsidiary of the Company, (ii) Mr. Kuo Jen-Hao and Heritage Riches Limited (together as vendors) and (iii) First Steamship Company Limited (as second guarantor), pursuant to which Victor Sky conditionally agreed to acquire 24.68% interest in Summit Ascent in consideration of HK\$717,812,540;
- (2) the agreement dated 13 May 2019 entered into between Suncity Group Management And Consultancy (Hoi An) Limited (“**SGMC (Hoi An)**”), an indirectly wholly-owned subsidiary of the Company and Hoi An South Development Ltd, a company incorporated in Vietnam in relation to the provision of (i) management services to the casino to be developed under an integrated resort project currently being developed in Quang Nam Province (the “**Quang Nam Project**”), Vietnam and the (ii) food and beverages facilities of the Quang Nam Project on an exclusive basis by SGMC (Hoi An) to Hoi An South Development Ltd;
- (3) the placing agreement dated 25 July 2019 entered into between Summit Ascent (as issuer) and Kingston Securities Limited (as placing agent) pursuant to which Kingston Securities Limited has conditionally agreed to procure, on a best efforts basis, not less than six places to subscribe for up to 300,000,000 shares of Summit Ascent;
- (4) the agreement dated 30 August 2019 entered into between AIIA (HK) Corporation Limited (as vendor) and Modest Achieve Limited, a wholly-owned subsidiary of the Company (as purchaser) pursuant to which Modest Achieve Limited acquired 51% interest in MSRSD in consideration of US\$9,588,000;
- (5) the conditional subscription agreement dated 28 October 2019 (as supplemented by two supplemental agreements dated 28 March 2020 and 23 July 2020) entered into between SunTrust as issuer, Fortune Noble as subscriber and Westside City Resorts World Inc. (“**Westside**”) and Travellers International Hotel Group, Inc. as warrantors in relation to the conditional subscription of the 2,550,000,000 new SunTrust shares at PHP2,550,000,000 by Fortune Noble;

- (6) the conditional subscription agreement dated 28 October 2019 entered into between SunTrust as issuer and Megaworld Corporation as subscriber in relation to the conditional subscription of the 2,177,165,008 new SunTrust shares at PHP2,177,165,008 by Megaworld Corporation;
- (7) the conditional subscription agreement dated 28 October 2019 entered into between SunTrust as issuer and Aurora Securities, Inc. as subscriber in relation to the conditional subscription of the 272,834,992 new SunTrust shares at PHP272,834,992 by Aurora Securities, Inc.;
- (8) the co-development agreement dated 28 October 2019 (as supplemented by five supplemental agreements dated 25 November 2019, 20 January 2020, 28 March 2020, 15 June 2020 and 23 July 2020) entered into between Westside and SunTrust in relation to the arrangements for the development, construction, operation and management of the Main Hotel Casino;
- (9) the share subscription agreement dated 28 November 2019 entered into between First Oceanic Property Management, Inc (“**FOPM**”), a wholly-owned subsidiary of SunTrust and an indirect 51% owned subsidiary of the Company immediately prior to the completion of the subscription of 150 million new FOPM ordinary shares (the “**FOPM Subscription Shares**”) and Asian E-Commerce, Inc., a connected person of the Company at the subsidiary level (as subscriber) to which Asian E-Commerce, Inc. agreed to subscribe the FOPM Subscription Shares at PHP150 million;
- (10) the loan agreement dated 7 January 2020 entered into between Star Admiral Limited, an indirect wholly-owned subsidiary of the Company (as lender) and Gold Yield Enterprises Limited, in which Star Admiral Limited owns 50% equity interest (as borrower), pursuant to which Star Admiral Limited will advance a loan of US\$17,022,500 to Gold Yield Enterprises Limited for investment and development of an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam and engaged by Gold Yield Enterprises Limited and its subsidiaries;
- (11) the lease agreement dated 21 February 2020 and entered into between Westside and Travellers International Hotel Group, Inc. (as lessor) and SunTrust (as lessee) for the leasing of the three parcels of land located at Manila Bayshore Integrated City in Paranaque City, the Philippines upon which the Main Hotel Casino is to be constructed and erected on and subject to the terms and conditions contained in it;
- (12) the loan agreement dated 6 March 2020 entered into between Star Admiral Limited, an indirect wholly-owned subsidiary of the Company (as lender) and Gold Yield Enterprises Limited, in which Star Admiral Limited owns 50% equity interest (as borrower), pursuant to which Star Admiral Limited will advance a loan of US\$17,022,500 to Gold Yield Enterprises Limited for investment and development of an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam and engaged by Gold Yield Enterprises Limited and its subsidiaries;
- (13) the operations and management/services agreement dated 4 May 2020 entered into between Westside as appointer and SunTrust as appointee in relation to the appointment of SunTrust as the sole and exclusive operator to operate and manage the Main Hotel Casino;

- (14) the conditional subscription agreement dated 29 May 2020 (as supplemented by a supplemental agreement dated 31 July 2020) made between SunTrust as issuer and Fortune Noble as subscriber in relation to the PHP7.3 billion (equivalent to approximately HK\$1.1 billion) zero coupon convertible bonds of SunTrust to be issued by SunTrust to Fortune Noble;
- (15) the subscription agreement dated 1 June 2020 (as supplemented by a letter of extension dated 11 September 2020) and entered into between SunTrust (as issuer) and Summit Ascent Investments Limited (as subscriber) in relation to the subscription and issue of the 6.0% coupon rate convertible bonds in the aggregate principal amount of up to PHP5.6 billion (equivalent to approximately HK\$847 million) convertible into shares of SunTrust to be issued by SunTrust to Summit Ascent Investments Limited;
- (16) the placing agreement dated 1 June 2020 and entered into between Summit Ascent and Merdeka Securities Limited (as placing agent) in relation to the placing of shares of Summit Ascent by Merdeka Securities Limited to the placees on a best effort basis;
- (17) the underwriting agreement dated 1 June 2020 and entered into between Victor Sky and Summit Ascent in relation to the underwriting arrangement in respect of the rights issue of Summit Ascent;
- (18) the loan agreement dated 6 July 2020 entered into between Star Admiral Limited, an indirect wholly-owned subsidiary of the Company (as lender) and Gold Yield Enterprises Limited, in which Star Admiral Limited owns 50% equity interest (as borrower), pursuant to which Star Admiral Limited will advance a loan of US\$30,000,000 to Gold Yield Enterprises Limited for investment and development of an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam and engaged by Gold Yield Enterprises Limited and its subsidiaries;
- (19) the conditional agreement for sale and purchase dated 30 October 2020 entered into between Sharp Way Group Limited (“**Sharp Way**”) as vendor, Summit Ascent Russia Limited (“**SA Russia**”), a direct wholly-owned subsidiary of Summit Ascent, as purchaser and Summit Ascent in relation to the acquisition of 3,500 shares of Oriental Regent Limited (“**ORL**”) and US\$1,892,275 shareholder’s loan to ORL by SA Russia from Sharp Way (“**ORL Shares Acquisition**”);
- (20) the convertible bonds instrument dated 30 October 2020 issued by Summit Ascent as issuer to Sharp Way in relation to the zero coupon convertible bonds in the aggregate principal amount of US\$3,000,000 convertible into shares of Summit Ascent at an initial conversion price of HK\$3.5 per share for a term of 5 years from the date of their issue in full payment of the consideration payable by SA Russia to Sharp Way under and pursuant to the ORL Shares Acquisition;
- (21) the conditional agreement for sale and purchase dated 30 October 2020 entered into between Joyful Happiness Limited (“**Joyful**”) as vendor and SA Russia as purchaser in relation to the acquisition of 7,000 shares of ORL and US\$3,784,550 shareholder’s loan to ORL by SA Russia from Joyful;

- (22) the conditional subscription agreement dated 16 November 2020 entered into between ORL, SA Russia and Firich Investment Limited as subscribers in relation to the subscription of new shares of ORL; and
- (23) the completion agreement dated 18 November 2020 entered into between 深圳聯天置業有限公司 (Shenzhen Sky Alliance Property Company Limited<sup>#</sup>), a wholly-owned subsidiary of the Company, and 浙江省金華市中級人民法院 (Intermediate People's Court of Jinhua City, Zhejiang Province), for the acquisition of 100% equity interest in Dongyang Xinguang at the bidding price of RMB26,500,000 through a judicial auction, which was administrated by an open auction platform on the instruction of Intermediate People's Court of Jinhua City, Zhejiang Province, on 13 November 2020.

## 7. LITIGATION

As disclosed in the interim report of the Company for the six months ended 30 June 2020 (the **"2020 Interim Report"**), a subsidiary of the Group (the **"Defendant"**) was involved in a litigation with an individual (the **"Plaintiff"**) in respect of the right to use of an area located at certain investment properties of the Group (the **"Unit"**) during 2013 (the **"2013 Litigation"**). The Plaintiff claimed that she had a lease agreement regarding the right to use the Unit for the period from 26 September 2011 to 24 October 2062 and sought for damages in respect of the loss arising from failing to use of the Unit (the **"Claim"**). Four judgments were handed down between 2014 and 2019. The judge rejected all the demands from the Plaintiff in the first and second hearings, however at the end of 2018, the Higher People's Court of Guangdong Province handed down the re-trial judgment to revoke the judgment of the first and second hearings and remanded the case for a re-trial in the People's Court of Shenzhen.

According to the judgements of the court dated 7 May 2019 and 27 May 2019, certain investment properties of the Group with fair value of approximately RMB432,000,000 were seized for the period from 10 May 2019 to 9 May 2022.

On 15 September 2019, the Defendant was ordered to (i) compensate the Plaintiff for an amount of RMB1,595,136 for the loss of rental income of the Unit for the period from 26 October 2011 to 25 June 2019 and (ii) bear the legal cost of approximately RMB29,000 (the **"September Judgement"**).

As at the Latest Practicable Date, the Plaintiff has filed for an appeal to further claim for damages with respect to the right of use of the Unit between 26 September 2011 and 24 October 2062.

The Defendant has also filed for an appeal with respect to the September Judgement. The second hearing date has been fixed on 14 April 2021. Based on a legal opinion obtained, the Defendant may be liable to potential damages of approximately RMB27,800,000 in aggregate in connection with the 2013 Litigation. As at the Latest Practicable Date, the Group has made provision of RMB27,800,000 for potential liability of the Claim.

In addition, the Group was involved in several litigations in relation to the construction of the Group's properties under development in the PRC with several contractors and suppliers, who are independent third parties to the Company and Summit Ascent. Based on the view that the legal proceeding was still in progress and with reference to the legal opinion obtained from the Company's PRC lawyer, the management considered that the likelihood for further outflow of resources of the Group was remote.

Save as disclosed above, as at the Latest Practicable Date, to the best of the Directors' knowledge information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operation or financial condition of the Group.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. on any business days from the date of this circular up to and including 14 days (except public holidays) at the Company's principal place of business in Hong Kong situated at Unit 1705, 17/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph 6 of this Appendix;
- (c) the Construction Agreements;
- (d) the Supplemental Agreement;
- (e) the interim report of Summit Ascent for the six months ended 30 June 2020;
- (f) the annual reports of Summit Ascent containing the audited consolidated financial statements of Summit Ascent for the three years ended 31 December 2019;
- (g) the annual reports of the Company containing the audited consolidated financial statements of the Company for the three years ended 31 December 2019;
- (h) the 2020 Interim Report;
- (i) the voluntary announcement of Summit Ascent dated 15 July 2020;
- (j) the profit warning announcement of Summit Ascent dated 11 August 2020;
- (k) the profit warning announcement of the Company dated 18 August 2020;
- (l) the circular regarding the major and connected transactions of the Company in relation to the acquisition of right-of-use asset – project site payment and lease agreement dated 26 March 2020;

- (m) the circular regarding the connected transaction of the Company in relation to the proposed extension of maturity date of the 2018 Convertible Bond dated 31 July 2020;
- (n) the circular regarding the major transaction of the Company in relation to the acquisition of interest in Summit Ascent dated 12 August 2020;
- (o) the circular regarding the connected transaction of the Company in relation to the proposed extension of maturity date of the 2016 Convertible Bond which remains outstanding dated 13 November 2020; and
- (p) this circular.

**9. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Chiu King Yan, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at Unit 1705, 17/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (d) The principal share registrar of the Company is Suntera (Cayman) Limited, Royal Bank House, 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman KY1-1110, Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over its Chinese text.