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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)

DISCLOSEABLE AND CONNECTED TRANSACTION: DISPOSAL OF REMAINING 24.27% INTEREST IN THE FOPM GROUP

INTRODUCTION

On 25 March 2021, the SP Agreement was entered into whereby the Group, through SunTrust (a 51% indirect owned subsidiary of the Company) as vendor, agreed to sell the Sale Shares, representing the Group's remaining 24.27% interest in FOPM, to the Purchaser.

Immediately following completion of the Disposal in accordance with the SP Agreement, SunTrust will cease to have any interest in FOPM and the other member of the FOPM Group.

IMPLICATIONS OF THE LISTING RULES

Chapter 14

As none of the applicable percentage ratios in respect of the Disposal exceeds 5%, the Disposal on its own does not constitute a discloseable transaction for the Company under Chapter 14 and is therefore not subject to the reporting, announcement and shareholders' approval requirements under Chapter 14.

Given the counterparty to each of the Disposal and the Deemed Disposal is the same party (i.e. the Purchaser), the subject matter of the Disposal and the Deemed Disposal is the same company (i.e. FOPM) and the Disposal and the Deemed Disposal are otherwise related, the Disposal has to be aggregated with the Deemed Disposal as required under Rule 14.22 when determining the classification of the Disposal under Chapter 14. As some of the applicable percentage ratios in respect of the Disposal when aggregated with the Deemed Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 and is subject to the reporting and announcement requirements under Chapter 14.

Chapter 14A

The Purchaser is a connected person of the Company at the subsidiary level as described in “Information of the Purchaser” in this announcement. The Disposal constitutes a connected transaction for the Company under Chapter 14A.

Exemption under Rule 14A.101

- (1) The Disposal on terms of the SP Agreement has been approved by the Board on 25 March 2021; and
- (2) all the independent non-executive Directors have confirmed that the terms of the Disposal on terms of the SP Agreement are fair and reasonable, the Disposal is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

On the above bases, the Disposal is therefore under Rule 14A.101 subject to reporting and announcement requirements but is exempt from the circular, independent financial adviser and independent Shareholders’ approval under Chapter 14A.

No Director is interested in the Disposal and none of the Directors was required to abstain from voting at the resolution of the Board approving the Disposal.

THE DISPOSAL

On 25 March 2021, the SP Agreement was entered into whereby the Group, through SunTrust (a 51% indirect owned subsidiary of the Company) as vendor, agreed to sell the Sale Shares, representing the Group's remaining 24.27% interest in FOPM, to the Purchaser. The date, parties and principal terms of the SP Agreement are set out below.

The SP Agreement

- Date** : 25 March 2021.
- Vendor** : Suntrust Home Developers, Inc., a 51% indirect owned subsidiary of the Company.
- Purchaser** : Asian E-Commerce, Inc., a connected person of the Company at the subsidiary level as more particularly described in "Information of the Purchaser" in this announcement. The Purchaser is interested in the remaining 75.73% interest in FOPM.
- Sale Shares** : 48,062,500 FOPM Shares beneficially owned by SunTrust, representing SunTrust's 24.27% interest in FOPM.
- Consideration** : PHP153,728,294 (equivalent to approximately HK\$24,681,431), which shall be paid in full by the Purchaser upon completion of the Disposal contemplated under the SP Agreement on the Completion Date.
- Completion date** : the Completion Date (i.e. by 5:00 p.m. on a date falling on the thirtieth (30th) business day after the date of the SP Agreement) (or such other date as the parties to the SP Agreement may agree in writing).

The Consideration was agreed at after arm's length negotiations between SunTrust and the Purchaser with reference to primarily the proportionate unaudited net asset value of the FOPM Group as at 31 December 2020. The Directors (including the independent non-executive Directors) are of the view that the Disposal on terms of the SP Agreement is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Immediately following completion of the Disposal in accordance with the SP Agreement, SunTrust will cease to have any interest in FOPM and the other member of the FOPM Group.

INFORMATION OF THE FOPM GROUP

General information

The FOPM Group comprises FOPM and CityLink.

FOPM, which is 24.27% owned by SunTrust, is primarily engaged in the management of real estate properties in the Philippines.

CityLink, which is a direct wholly-owned subsidiary of FOPM, is primarily engaged in providing transportation services in the Philippines.

Financial information

The following is a summary of the unaudited consolidated financial information of the FOPM Group, prepared in accordance with Philippine Financial Reporting Standards, for the periods as stated below:

	For the year ended	
	31 December 2019	31 December 2020
	<i>(PHP'000)</i>	<i>(PHP'000)</i>
	(unaudited)	(unaudited)
Net profit before tax and extraordinary items	99,698	90,431
Net profit after tax and extraordinary items	64,582	51,848

The following was the consolidated net asset value of the FOPM Group, prepared in accordance with Philippine Financial Reporting Standards, as at the dates specified below:

	31 December 2019	31 December 2020
	<i>(PHP'000)</i>	<i>(PHP'000)</i>
	(unaudited)	(unaudited)
Consolidated net asset value	581,561	633,409

INFORMATION OF THE PURCHASER

The Purchaser is a 50% owned company of Megaworld, which is a connected person of the Company at the subsidiary level for being solely a substantial shareholder of the Company's 51% owned subsidiary, SunTrust, currently holding 34% interest in SunTrust. The Purchaser is therefore an associate of Megaworld and a connected person of the Company at the subsidiary level.

The remaining interest in the Purchaser is ultimately beneficially owned by Andrew Lim Tan, a Filipino entrepreneur, who is the director, chairman, president and an indirect substantial shareholder of Megaworld.

The Purchaser is principally engaged in investment holding.

Megaworld is a company incorporated in the Philippines, the shares of which are listed on PSE. Megaworld is the listing vehicle of its group of companies, the principal business of which is real estate development.

FINANCIAL EFFECT OF THE DISPOSAL ON THE COMPANY

For illustration purpose, it is expected that there will be no significant gain or loss arising from the Disposal as the consideration was made with reference to the proportionate unaudited net asset value of the FOPM Group as at 31 December 2020. The actual amount of gain or loss on the Disposal to be recognised by the Company will be subject to audit and may be different from that as expected by the Directors.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) property development in the People's Republic of China and Japan; (ii) property leasing and management and operation of malls 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 services; (v) through SunTrust, development and operation of an integrated resort in the Philippines; and (vi) through Summit Ascent Holdings Limited and its subsidiaries from time to time, 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.

REASON FOR, AND BENEFITS OF, THE DISPOSAL AND USE OF THE NET SALE PROCEEDS

The Group has been expanding its tourism-related business in the South East Asia region by investing in the casino and entertainment market of the Philippines since October 2019 by acquiring a 51% interest in SunTrust which is appointed as the sole and exclusive operator and manager of a 5-star hotel and casino complex erected or to be erected at the three parcels of land located at Manila Bayshore Integrated City in Paranaque City, the Philippines (the “**Main Hotel Casino**”). Given the principal business of the FOPM Group as more particularly described in “Information of the FOPM Group” in this announcement is entirely unrelated to the casino and entertainment market of the Philippines in which the Group is investing, the Disposal allows the Group to dispose of its non-core business, focus on and deploy its resources to its principal businesses.

The Group intends to apply the net sale proceeds from the Disposal as general working capital and to partially finance the construction of the Main Hotel Casino that is currently under-developed by SunTrust.

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On the above bases, the Disposal is therefore under Rule 14A.101 subject to reporting and announcement requirements but is exempt from the circular, independent financial adviser and independent Shareholders’ approval under Chapter 14A.

No Director is interested in the Disposal and none of the Directors was required to abstain from voting at the resolution of the Board approving the Disposal.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions have the following meaning:

“Board”	the board of Directors of the Company
“Company”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with its issued Shares listed on the Main Board of the Stock Exchange (Stock Code: 1383)
“Completion Date”	by 5:00 p.m. on a date falling on the thirtieth (30th) business day after the date of the SP Agreement (or such other date as the parties to the SP Agreement may agree in writing)
“connected person”	has the same meaning ascribed to it under the Listing Rules

“Consideration”	PHP153,728,294 (equivalent to approximately HK\$24,681,431), being the sale price of the Sale Shares payable by the Purchaser to SunTrust in accordance with the SP Agreement
“Deemed Disposal”	the deemed disposal by the Group of its 75.73% equity interest in the FOPM Group following completion on 28 November 2019 of the subscription of 150 million new FOPM Shares by the Purchaser as announced by the Company on 16 March 2020, 25 March 2020 and 14 April 2020
“Directors”	the directors of the Company and each a “Director”
“Disposal”	the sale by SunTrust of the Sale Shares, representing its 24.27% equity interest in the FOPM, as contemplated under the SP Agreement
“FOPM Group”	collectively, the following companies: <ul style="list-style-type: none"> (1) First Oceanic Property Management, Inc (“FOPM”), a company incorporated in the Philippines and 24.27% indirectly owned by the Company immediately prior to completion of the Disposal; and (2) Citylink Coach Services, Inc., a company incorporated in the Philippines (“CityLink”) and a wholly-owned subsidiary of FOPM immediately before and after completion of the Disposal
“FOPM Shares”	common shares of par value of PHP1.0 each in the share capital of FOPM
“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
“Megaworld”	Megaworld Corporation, a company incorporated in the Philippines the shares of which are listed on PSE and a connected person of the Company at the subsidiary level
“PHP”	Philippine peso, the lawful currency of Philippines
“PSE”	The Philippine Stock Exchange, Inc.
“Purchaser”	Asian E-Commerce, Inc., a company incorporated in the Philippines, a connected person of the Company at the subsidiary level interested in 75.73% interest in FOPM immediately prior to completion of the Disposal
“Sale Shares”	the 48,062,500 FOPM Shares, representing 24.27% interest in FOPM, of which SunTrust is the sole beneficial owner
“Shareholder”	the holder of any one or more Shares
“Shares”	ordinary shares of par value of HK\$0.10 each in the share capital of the Company
“SP Agreement”	the agreement for sale and purchase dated 25 March 2021 entered into between SunTrust as vendor and the Purchaser as purchaser in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“SunTrust” Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on PSE (stock code: SUN) and a 51% indirect owned subsidiary of the Company

“%” per cent.

Notes:

- (1) All references to times and dates are references to Hong Kong time unless otherwise stated.
- (2) In this announcement, unless otherwise stated, all references to Rules and Chapters are references to Rules and Chapters of the Listing Rules.
- (3) When translated, each HK\$ amount stated in this announcement was translated at the exchange rate of HK\$1.0 to PHP6.2285.

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

Hong Kong, 25 March 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.