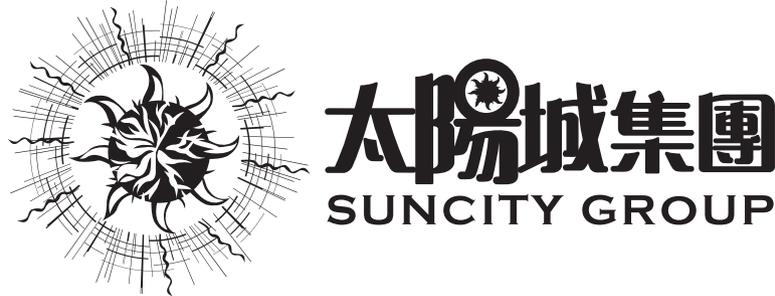

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any losses howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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 DISPOSAL OF ACCESS ACHIEVEMENT LIMITED

Financial adviser to the Company

MERDEKA 領智

Merdeka Corporate Finance Limited

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

A notice convening the EGM to be held at Jade Room, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 2:30 p.m. on Tuesday, 18 May 2021 is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. 2:30 p.m. on Sunday, 16 May 2021) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

PRECAUTIONARY MEASURES AND SPECIAL ARRANGEMENTS FOR THE EGM

Considering the outbreak of the COVID-19, certain measures will be implemented at the EGM with a view to addressing the risk to attendees of infection, including, without limitation:

- all attendees being required to (a) undergo body temperature screening; and (b) wear surgical masks prior to admission to the EGM venue
- attendees who are subject to health quarantine prescribed by the HKSAR Government not being admitted to the EGM venue
- all attendees being required to wear surgical masks throughout the EGM
- appropriate seating arrangement
- no distribution of corporate gift or refreshment

The Company reminds attendees that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances. Furthermore, the Company would like to remind Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising their voting rights and strongly recommends that Shareholders appoint the Chairman of the EGM as their proxy and submit their form of proxy as early as possible. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

26 April 2021

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DEFINITIONS

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, amounts in RMB and HK\$ are translated on the basis of RMB1=HK\$1.2000, US\$1=RMB6.7400, RMB1=JPY16.4474, HK\$1=US\$7.75 and HK\$1=PHP6.2285. The conversions are for illustration purpose only and should not be taken as a representation that RMB or HK\$ could actually be converted at these rates or at other rates or at all.*
- (e) The following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 21 February 2021 in relation to, among other things, the Disposal
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, or public holiday) on which Hong Kong licensed banks are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“China CITIC Bank”	China CITIC Bank Corporation Limited, Shenzhen Branch* (中信銀行股份有限公司深圳分行)
“CITIC Loan A”	the outstanding principal amount of the loan of RMB277.5 million at the Latest Practicable Date payable by Shenzhen Gang Long City to China CITIC Bank in accordance with the terms of the CITIC Loan Agreement A

DEFINITIONS

“CITIC Loan B”	the outstanding principal amount of the loan of RMB40 million at the Latest Practicable Date payable by Sun Century Property to China CITIC Bank in accordance with the terms of the CITIC Loan Agreement B
“CITIC Loan Agreement A”	the loan agreement dated 11 August 2014 and entered into between China CITIC Bank as lender and Shenzhen Gang Long City as borrower in relation to the provision of loan in the principal amount of RMB400 million
“CITIC Loan Agreement B”	the loan agreement dated 9 June 2013 and entered into between China CITIC Bank as lender and Sun Century Property as borrower in relation to the provision of loan in the principal amount of RMB150 million
“CITIC Loans”	collectively CITIC Loan A and CITIC Loan B
“Company”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1383)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	a date within five (5) Business Days after all the conditions precedent set out in the Sale and Purchase Agreement have been fulfilled or waived (as the case may be) (or such other date as may be agreed by the parties to the Sale and Purchase Agreement)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	the total consideration for the sale and purchase of the Sale Shares
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Debt Restructuring”	has the meaning ascribed thereto under the paragraph headed “Debt Restructuring” in the section headed “THE DISPOSAL” in the letter from the Board in this circular
“Deed of Indemnity”	the deed of indemnity to be executed by the Company, the Purchaser and the Disposal Company at Completion
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disposal”	the proposed disposal of the Sale Shares by the Company to the Purchaser, pursuant to the Sale and Purchase Agreement
“Disposal Company”	Access Achievement Limited (通達有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries
“Dongyang Xinguang”	Dongyang Xinguang Pacific Industrial Company Limited* (東陽新光太平洋實業有限公司), a wholly-owned subsidiary of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Jade Room, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 18 May 2021 at 2:30 p.m. to consider the ordinary resolutions to be proposed to approve the Disposal and the transactions contemplated thereunder
“Fortune Noble”	Fortune Noble Limited (彩御有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“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 PRC
“Independent Third Party(ies)”	individual(s) or company(ies) who/which is/are independent of the Company and its connected persons
“Independent Valuer”	Grant Sherman Appraisal Limited, an independent professional property valuer
“Latest Practicable Date”	21 April 2021, being the latest practicable date prior to the printing 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
“Mr. Chau”	Mr. Chau Cheok Wa, an executive Director and the chairman of the Company who is also a controlling Shareholder of the Company

DEFINITIONS

“Mr. Chiu”	Mr. Chiu King Yan, the agent of Shenzhen Sky Alliance
“Outstanding Litigation”	an outstanding litigation, as disclosed in the annual results announcement of the Company for the year ended 31 December 2020, in regards to the right of use of an area located at certain investment properties of the Disposal Group pursuant to which the Seized Premises were seized from 10 May 2019 to 9 May 2022 according to the judgments of the People’s Court of Shenzhen dated 7 May 2019 and 27 May 2019
“PHP”	Philippine Peso, the lawful currency of Philippines
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	a portion of Hong Long Plaza, comprising the Gang Long City Shopping Mall and 3 residential units, and certain remaining unsold units in Le Paysage, the particulars of which are set out in the paragraph headed “The Properties” in the section headed “INFORMATION OF THE DISPOSAL GROUP” in the letter from the Board in this circular
“Property Mortgage”	a mortgage in respect of certain properties located in the PRC which shall be executed by Shenzhen Zirui in favour of Mr. Chiu (as the agent of Shenzhen Sky Alliance)
“PSE”	The Philippines Stock Exchange, Inc.
“Purchaser”	Wit Dragon Limited (睿龍有限公司), a company incorporated in the BVI with limited liability
“Remaining Group”	the Group upon Completion
“Repayment Arrangement”	has the meaning ascribed thereto under the paragraph headed “Repayment Arrangement” in the section headed “THE DISPOSAL” in the letter from the Board in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SA Group”	Summit Ascent and its subsidiaries from time to time
“SA Investments”	Summit Ascent Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of Summit Ascent

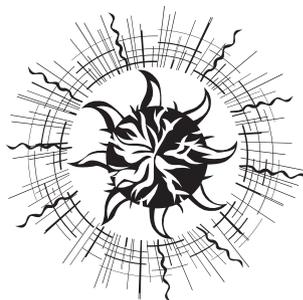
DEFINITIONS

“Sale and Purchase Agreement”	the agreement dated 21 February 2021 and entered into between the Purchaser and the Company in respect of the Disposal
“Sale Shares”	100,000 shares of the Disposal Company, representing the entire issued share capital of the Disposal Company
“Seized Premises”	certain investment properties of the Disposal Group seized pursuant to the Outstanding Litigation
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Gang Long City”	Shenzhen Gang Long City Commercial Management Company Limited* (深圳市港隆城商業管理有限公司), a company established under the laws of the PRC with limited liability and wholly-owned by Sun Century Property
“Shenzhen Sky Alliance”	Shenzhen Sky Alliance Property Company Limited* (深圳聯天置業有限公司), a company established under the laws of the PRC with limited liability and wholly-owned by the Company
“Shenzhen Sky Alliance Loan”	pursuant to the Shenzhen Sky Alliance Loan Agreements, the actual amount owed by Shenzhen Zirui to Shenzhen Sky Alliance upon completion of the Debt Restructuring that will be repaid under the terms of the Repayment Arrangement and the repayment schedule as outlined in the paragraph headed “Shenzhen Sky Alliance Loan” in the section headed “THE DISPOSAL” in the letter from the Board in this circular
“Shenzhen Sky Alliance Loan Agreements”	(i) the loan and guarantee agreements to be entered into among Shenzhen Zirui (as the debtor and the guarantor), Shenzhen Sky Alliance (as the creditor) and Mr. Chiu, as the agent of Shenzhen Sky Alliance; and (ii) the loan agreement to be entered into between Shenzhen Zirui (as the debtor) and Mr. Chiu (as the agent of Shenzhen Sky Alliance), respectively in relation to the Shenzhen Sky Alliance Loan at Completion

DEFINITIONS

“Shenzhen Sun Era”	Shenzhen Sun Era Management Company Limited* (深圳市太陽時代物業服務有限公司), a company established under the laws of the PRC with limited liability and wholly-owned by Sun Century Property
“Shenzhen Zirui”	Shenzhen Zirui Real Estate Development Limited* (深圳市紫瑞房地產開發有限公司), a company established under the laws of the PRC with limited liability and wholly-owned by Sun Century Property
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Summit Ascent”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, the issued 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
“Sun Century Property”	Sun Century Property Group Company Limited* (太陽世紀地產集團有限公司), a wholly foreign owned enterprise under the laws of the PRC with limited liability, and wholly-owned by the Disposal Company
“Sun City Gaming Promotion”	Sun City Gaming Promotion Company Limited, a company incorporated in Macau with limited liability, which is wholly-owned by Mr. Chau
“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% owned subsidiary of the Company
“SunTrust Group”	SunTrust and its subsidiaries from time to time
“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation”	the valuation of the market value of the Properties as at 31 January 2021 by the Independent Valuer
“Valuation Report”	the valuation report on the market value of the Properties as at 31 January 2021 prepared by the Independent Valuer, the text of which is set out in Appendix II to this circular
“%”	per cent.

LETTER FROM THE BOARD



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

26 April 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF ACCESS ACHIEVEMENT LIMITED

INTRODUCTION

Reference is made to the Announcement on, among other matters, the Disposal.

The purposes of this circular is to provide you with (i) further details of the Disposal and the transactions contemplated thereunder, (ii) the financial information of the Group; (iii) the Valuation Report; and (iv) a notice to convene the EGM.

LETTER FROM THE BOARD

THE DISPOSAL

On 21 February 2021, the Company, as the vendor, and the Purchaser, as the purchaser, entered into the Sale and Purchase Agreement in relation to the Disposal, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares for an aggregate Consideration of RMB155,290,000 (equivalent to approximately HK\$186,348,000) subject to the terms and conditions of the Sale and Purchase Agreement.

The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out below:

- Date: 21 February 2021
- Parties: (1) The Company, as the vendor; and
(2) The Purchaser, as the purchaser

The Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding whose ultimate beneficial owner is Ms. Wu Weixuan, who possesses over 20 years of experience in property investment in the PRC. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, the Purchaser and Ms. Wu Weixuan are Independent Third Parties.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares representing the entire issued share capital of the Disposal Company.

Debt Restructuring

Pursuant to the Sale and Purchase Agreement, simultaneously at Completion, the Disposal Group will implement a debt restructuring pursuant to which (i) the Disposal Group and the Remaining Group will undergo a series of debt assignments, novations, set off and/or waivers such that, save and except for the Shenzhen Sky Alliance Loan, there will not be any outstanding liabilities, obligations or indebtedness between the Disposal Group and the Remaining Group upon Completion; and (ii) the Disposal Group, the Remaining Group and certain Independent Third Parties will undergo a series of debt assignments, novations, set off and/or waivers such that the outstanding liabilities of the Disposal Group, excluding the Shenzhen Sky Alliance Loan and the CITIC Loans, will not exceed approximately RMB791,678,000 (equivalent to approximately HK\$950,014,000).

LETTER FROM THE BOARD

The details of the Debt Restructuring as at the Latest Practicable Date is summarised below.

(i) Breakdown of the estimated outstanding balance of the Shenzhen Sky Alliance Loan:

	<i>RMB'000</i>
Total amount due by the Disposal Group to the Group as at 31 December 2020	2,642,043
Total amount due by the Group to the Disposal Group as at 31 December 2020	<u>(1,474,159)</u>
Outstanding net balance due by the Disposal Group to the Group as at 31 December 2020	1,167,884
Other borrowings and trade and other payables as at 31 December 2020 of the Disposal Group being assigned to the Group upon completion of the Debt Restructuring ^{Note}	98,767
Amount to be waived pursuant to the Debt Restructuring	<u>(772,402)</u>
Estimated outstanding balance of the Shenzhen Sky Alliance Loan as at 31 December 2020	494,249
Settlement of CITIC Loan A by the Group in January 2021	<u>7,500</u>
Estimated outstanding balance of the Shenzhen Sky Alliance Loan as at the Latest Practicable Date	<u><u>501,749</u></u>

Note:

The amount comprises of other borrowings of approximately RMB79,641,000 included in bank and other borrowings of the Disposal Group and interest thereon of approximately RMB19,126,000 included in trade and other payables of the Disposal Group as at 31 December 2020.

LETTER FROM THE BOARD

- (ii) Breakdown of the outstanding intra-group liabilities between the Disposal Group and the Group as at 31 December 2020 that will be waived pursuant to the Debt Restructuring:

Nature	<i>RMB'000</i>
Due by the Disposal Group to the Group	
– Due by the Disposal Company to the Company	(1,000,980)
– Due by Shenzhen Zirui to the Company	(406,694)
– Due by Shenzhen Sun Era to the Company	(16,997)
– Due by Shenzhen Sun Era to Shenzhen Sky Alliance	(51,479)
– Due by Sun Century Property to Shenzhen Sky Alliance	(404,898)
– Due by Shenzhen Zirui to Shenzhen Sky Alliance	(259,890)
– Due by Shenzhen Zirui to Chaohu Boshing Tourism Development Company Limited* 巢湖寶昇旅遊開發有限公司 (“ Chaohu Boshing ”) ^{Note 1}	(6,856)
– Total amount due by the Disposal Group to the Group to be novated and/or set off pursuant to the Debt Restructuring	(2,147,794)
Due by the Group to the Disposal Group	
– Due by the Company to Sun Century Property	873,385
– Due by Perfect Harvest International Limited (“ Perfect Harvest ”) to the Disposal Company ^{Note 1}	89
– Due by Favorable Investments Limited (“ Favorable Investments ”) to Sun Century Property ^{Note 1}	10,000
– Due by Jumpers Action Limited (“ Jumpers Action ”) to Sun Century Property ^{Note 1}	192
– Due by Shenzhen Sky Alliance to Shenzhen Gang Long City	320,636
– Due by Shenzhen Sky Alliance to Shenzhen Sun Alliance Properties Company Limited* (深圳市太陽聯動置業有限公司) (“ Shenzhen Sun Alliance ”) ^{Note 2}	1,000
– Due by Shenzhen Sky Alliance to Shenzhen Huachuang Industrial Company Limited* (深圳市太陽華創實業有限公司) (“ Shenzhen Huachuang ”) ^{Note 2}	58,500
– Due by Shenzhen Sky Alliance to the Disposal Company	9,565
– Due by Chaohu Boshing to Sun Century Property ^{Note 1}	200,792
– Total amount due by the Group to the Disposal Group to be novated and/or set off pursuant to the Debt Restructuring	1,474,159
Outstanding net balance due by the Disposal Group to the Group to be waived pursuant to the Debt Restructuring	(673,635)
Other borrowings and trade and other payables of the Disposal Group assigned and to be assigned and waived pursuant to the Debt Restructuring	(98,767)
Total outstanding net liabilities due by the Disposal Group to the Group to be waived pursuant to the Debt Restructuring	(772,402)

LETTER FROM THE BOARD

Notes:

1. Chaohu Boshing, Perfect Harvest, Favorable Investments and Jumpers Action are all wholly-owned subsidiaries of the Company and part of the Group
2. Shenzhen Huachuang and Shenzhen Sun Alliance are all wholly-owned subsidiaries of the Disposal Company and part of the Disposal Group

(iii) Reconciliation of the outstanding liabilities of the Disposal Group:

	<i>RMB'000</i>
Total indebtedness of the Disposal Group as at 31 December 2020	2,383,327
Less: Amount to be waived pursuant to the Debt Restructuring	(772,402)
Less: Estimated outstanding balance Shenzhen Sky Alliance Loan as at the Latest Practicable Date	(501,749)
Less: Balance of CITIC Loans as at the Latest Practicable Date	<u>(317,500)</u>
Estimated indebtedness of the Disposal Group upon completion of Debt Restructuring	<u><u>791,676</u></u>

The structure and relevant agreements of the Debt Restructuring will be agreed upon by the Company and the Purchaser prior to Completion. Any change to the structure of the Debt Restructuring subsequent to the Latest Practicable Date and prior to Completion will be reflected in the Shenzhen Sky Alliance Loan and will not impact the Consideration.

Taking into account (i) only approximately 14% of the total saleable area of Le Paysage remains unsold and the occupancy rate of Gang Long City Shopping Centre was approximately 67%, 60% and 58% for the years ended 31 December 2018, 2019 and 2020 respectively as disclosed in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" in the letter from the Board in this circular; and (ii) the Disposal Group recorded a loss after taxation of approximately RMB184.851 million and approximately RMB357.296 million for the years ended 31 December 2019 and 2020 respectively as disclosed in the section headed "Financial Information of the Disposal Group" in the letter from the Board in this circular, the Board is of the opinion that the Disposal Group is and will be continue to be unable to settle its excessive liabilities of approximately RMB2.38 billion as disclosed in the paragraph headed "Basis of the Repayment Arrangement" in the letter from the Board in this circular. Taking into account (i) the aforementioned inability of the Disposal Group to settle its excessive liabilities; and (ii) the Purchaser is willing to repay RMB501.749 million of the Disposal Group's outstanding intra-group liabilities due to the Group under the Shenzhen Sky Alliance Loan, the Board considers the waiver of RMB772.402 million of the Disposal Group's intra-group liabilities due to the Group pursuant to the Debt Restructuring is fair and reasonable.

LETTER FROM THE BOARD

CITIC Loans

The principal terms of CITIC Loan A are summarised below:

Date of agreement	:	11 August 2004
Lender	:	China CITIC Bank
Borrower	:	Shenzhen Gang Long City
Principal	:	RMB400,000,000
Interest rate	:	Loan prime rate as published by the People's Bank of China plus a basis point agreed with China CITIC Bank per annum ("p.a."). As at 31 December 2020, the applicable interest rate was 5.635% p.a., which was derived from loan prime rate of 4.65% p.a. plus the agreed basis point of 0.985% p.a.
Maturity date	:	11 August 2029
Schedule for repayment of loan principal	:	1st year: RMB5,000,000 2nd year: RMB15,000,000 3rd year: RMB20,000,000 4th to 6th year: RMB25,000,000 per annum, totaling RMB75,000,000 7th to 12th year: RMB30,000,000 per annum, totaling RMB180,000,000 13th to 15th year: RMB35,000,000 per annum, totaling RMB105,000,000
Penalty on early repayment	:	Being the amount equal to the multiple of (i) early repayment amount; (ii) number of years till maturity; (iii) applicable interest rate; and (iv) penalty rate of 20%

LETTER FROM THE BOARD

- Securities : 1. Bank balances of a specified deposit bank account (the “**Deposit Bank Account**”). All income generated by secured investment properties shall be deposited into the Deposit Bank Account and any balance of the Deposit Bank Account shall be used for satisfying the repayment of the loan. As at 31 December 2020, the bank balance of the Deposit Bank Account was approximately RMB1,165,000
2. Investment properties at fair value as of 31 January 2021 of RMB769,210,000

The principal terms of CITIC Loan B are summarised below:

- Date of agreement : 9 June 2013
- Lender : China CITIC Bank
- Borrower : Sun Century Property
- Principal : RMB150,000,000
- Interest rate : Loan prime rate as published by People’s Bank of China plus a basis point agreed with China CITIC Bank per annum. As at 31 December 2020, the applicable interest rate was 5.635% p.a., which was derived from loan prime rate of 4.65% p.a. plus the agreed basis point of 0.985% p.a.
- Maturity date : 20 December 2022
- Schedule for repayment of loan principal : 20 December 2013: RMB5,000,000
20 December 2014: RMB15,000,000
20 December 2015: RMB15,000,000
20 December 2016: RMB15,000,000
20 December 2017: RMB15,000,000
20 December 2018: RMB15,000,000
20 December 2019: RMB15,000,000

LETTER FROM THE BOARD

20 December 2020: RMB15,000,000

20 December 2021: RMB20,000,000

20 December 2022: RMB20,000,000

Penalty on early repayment : Being the amount equal to the multiple of (i) early repayment amount; (ii) number of years till maturity; (iii) applicable interest rate; and (iv) penalty rate of 20%

Securities : 1. Bank balances of the Deposit Bank Account. As at 31 December 2020, the balance of the Deposit Bank Account was approximately RMB1,165,000

2. Investment properties at fair value as of 31 January 2021 of RMB397,340,000

Shenzhen Sky Alliance Loan

As at the Latest Practicable Date, the estimated outstanding balance of the Shenzhen Sky Alliance Loan at Completion will be RMB501,749,000 (equivalent to approximately HK\$602,099,000), subject to the actual Completion Date. Before Completion, as the Disposal Group is still part of the Group, the Group will continue to be obligated to repay the outstanding balances of the CITIC Loans. As such, depending on the actual Completion Date, Shenzhen Sky Alliance may be required to provide additional credit under the Shenzhen Sky Alliance Loan to the Disposal Group, in order to meet the aforementioned obligations according to the schedule as outlined below:

Date	Amount <i>RMB</i>
22 April 2021	7,500,000
22 June 2021	10,000,000
22 July 2021	7,500,000
22 October 2021	7,500,000
22 December 2021	10,000,000

As at the Latest Practicable Date, Shenzhen Sky Alliance has provided additional credit of RMB7,500,000 to the Disposal Group for the purpose of the repayment of the CITIC Loan A, which is included in the estimated outstanding balance of the Shenzhen Sky Alliance Loan as at the Latest Practicable Date. Any of the abovementioned further additional credit provided by Shenzhen Sky Alliance to the Disposal Group under the Shenzhen Sky Alliance Loan for the purpose of the repayment of the CITIC Loans must be repaid within one (1) month after the Completion Date. As at the Latest Practicable Date, the aggregate outstanding balance of the CITIC Loans is RMB317,500,000. Upon Completion, the principal amounts under the Shenzhen Sky Alliance Loan and the CITIC Loans in aggregate will not exceed RMB819,249,000.

LETTER FROM THE BOARD

Mr. Chiu as the agent of Shenzhen Sky Alliance and Shenzhen Zirui, as the guarantor, will enter into the Property Mortgage at Completion, pursuant to which Shenzhen Zirui will charge (i) 20 commercial units and shops in Le Paysage with aggregate book value of approximately RMB134,511,000 and aggregate fair value of approximately RMB137,140,000 based on the Valuation; and (ii) 1 apartment and 22 villas in Le Paysage with aggregate book value of approximately RMB178,514,000 and aggregate fair value of approximately RMB660,130,000 based on the Valuation, as security for the repayment of the Shenzhen Sky Alliance Loan. The Board is of the view that the Property Mortgage is fair and reasonable, as the aggregate fair values of the properties to be charged under the Property Mortgage (i.e. approximately RMB797,270,000) far exceeds the estimated outstanding balance of the Shenzhen Sky Alliance Loan at Completion as at the Latest Practicable Date (i.e. RMB501,749,000).

The Sale and Purchase Agreement and the Shenzhen Sky Alliance Loan Agreements are inter-conditional. In the event that the outstanding balance of the Shenzhen Sky Alliance Loan is to be adjusted from RMB501,749,000 pursuant to any changes to the structure of the Debt Restructuring, there will be no additional adjustments made to the Consideration.

Repayment Arrangement

Pursuant to the Shenzhen Sky Alliance Loan Agreements to be entered into in relation to the Shenzhen Sky Alliance Loan at Completion, the Shenzhen Sky Alliance Loan in the aggregate amount of RMB501,749,000 (equivalent to approximately HK\$602,099,000) and the actual amount advanced by Shenzhen Sky Alliance to the Disposal Group for the repayment of the CITIC Loans from the date of the Sale and Purchase Agreement until the Completion Date shall be repaid by Shenzhen Zirui to Shenzhen Sky Alliance according to the schedule as outlined below:

- (1) any amount exceeding RMB501,749,000 shall be repaid within 1 month from the Completion Date;
- (2) as to RMB401,749,000 shall be repaid on or before 31 March 2022; and
- (3) as to RMB100,000,000 shall be repaid on or before 30 June 2023.

Interest: Nil

Default interest: 12% per annum on all amounts overdue from respective due dates for payment

Basis of the Repayment Arrangement

The terms of the Shenzhen Sky Alliance Loan including the Repayment Arrangement was determined based on arm's length negotiations between the Company and the Purchaser taking into account the existing liabilities of the Disposal Group as at 31 December 2020.

LETTER FROM THE BOARD

The Board considers the terms of the Shenzhen Sky Alliance Loan Agreements, including but not limited to the repayment schedule of the Shenzhen Sky Alliance Loan are fair and reasonable as the Purchaser will be taking responsibility for a significant portion of the Disposal Group's borrowings due to Independent Third Parties and the Disposal Group's inability to settle its liabilities in the absence of the Disposal.

The decision to not charge any interest rate on the Shenzhen Sky Alliance Loan upon Completion was a commercial decision between the Company and the Purchaser based upon the structure of the entire Disposal and the capital commitments of the Group.

Due to the deteriorating performance and excessive liabilities of the Disposal Group, the Company has been seeking to dispose of the Disposal Group. As at 31 December 2020, the Disposal Group had liabilities of approximately RMB2.38 billion with an unaudited consolidated net liabilities position of approximately RMB0.84 billion. The Disposal Group has indebtedness due to Independent Third Parties of (i) approximately RMB51.57 million (comprising bank borrowings of RMB40 million, interests on other borrowings of RMB10.07 million and outstanding management fee of RMB1.5 million) that are already overdue; and (ii) approximately RMB424.54 million that are due by the end of 2022 of which approximately RMB56.78 million is due by the end of 2021. As disclosed in the section headed "Business of the Group upon Completion" in the letter from the Board in this circular, the Group has several other significant capital commitments with more optimistic prospects than the Disposal Group.

Having considered that (i) approximately 80% of the Shenzhen Sky Alliance Loan will be repaid by 31 March 2022 and the remaining balance will be repaid by 30 June 2023; (ii) there is a default interest of Shenzhen Sky Alliance Loan of 12% per annum default interest rate; (iii) the properties to be pledged under the Property Mortgage with fair values exceeding the value of the Shenzhen Sky Alliance Loan has been provided in favor of the Remaining Group; (iv) the Purchaser being the only prospective buyer of the Disposal Group since 2017; (v) the significant liabilities of the Disposal Group; and (vi) the estimated gain on the Disposal of RMB220.70 million, subject to an audit, the Board is of the opinion that not charging interest under the Shenzhen Sky Alliance Loan is fair and reasonable in the perspective of the terms of the Sale and Purchase Agreement as a whole and for the timely disposal of the Disposal Group.

Consideration

The Consideration for the Disposal shall be RMB155,290,000 (equivalent to approximately HK\$186,348,000). According to the Sale and Purchase Agreement, the final consideration amount in HK\$ shall refer to the central parity rate of RMB to HK\$ announced by the People's Bank of China at the Completion Date which shall be payable in HK\$ in cash by the Purchaser to the Company at Completion.

The Consideration was determined based on arm's length negotiations between the Company and the Purchaser with reference to the following factors:

(a) The financial position of the Disposal Group

The Disposal Group recorded unaudited consolidated net liabilities of approximately RMB839.42 million as at 31 December 2020.

LETTER FROM THE BOARD

Taking into account (i) the Valuation of the inventories of approximately RMB821.98 million as assessed by the Independent Valuer; (ii) the estimated aggregate amount of deferred tax liabilities, including but not limited to land appreciation tax, sales tax, value-added tax, stamp duty, enterprise income tax and urban maintenance and construction tax arising from the revaluation of the inventories, of approximately RMB300.90 million; (iii) the Valuation of the investment properties of approximately RMB1,186.41 million as assessed by the Independent Valuer; (iv) the estimated deferred tax liabilities arising from the revaluation of the investment properties of approximately RMB0.20 million; and (v) the estimated increase in consolidated net assets value of the Disposal Group upon the completion of the Debt Restructuring as of 31 December 2020 of approximately RMB772.40 million, the adjusted unaudited consolidated net assets value of the Disposal Group was approximately RMB120.42 million (equivalent to approximately HK\$144.50 million) as at 31 December 2020 assuming the Completion took place as at 31 December 2020.

(b) The financial performance and prospects of the Disposal Group

The Disposal Group recorded net losses of approximately RMB357.30 million and RMB184.85 million for the years ended 31 December 2020 and 2019, respectively.

The Disposal Group has two segments, namely the property development segment in Guangdong Province and the property leasing segment. For the property development segment in Guangdong Province, no more profit would be generated after the sale of the remaining unsold units as Le Paysage is the only existing project available for sale. For the property leasing segment, it is expected that the net loss would continue to worsen as the occupancy rate of the investment properties has been decreasing.

Please refer to the section headed “REASONS FOR AND BENEFITS OF THE DISPOSAL” below for the financial performance of these two segments.

(c) The lack of potential buyers for the Disposal Group

The Group has been approached by a potential buyer in 2017 to acquire only the investment properties of the Disposal Group. However, the Group and the potential buyer could not agree on the terms of the disposal as the buyer did not agree to purchase all the remaining inventories of the Disposal Group and the potential buyer did not want to assume any liabilities of the Disposal Group. Since then, the Group has received no interests or offers for the acquisition of the Disposal Group. Given the condition of the investment properties, the decreasing occupancy rate and increasing spending through online retail shift from in-store retail, the Group does not expect that there will be offers at a higher offer price than the Consideration.

(d) The Shenzhen Sky Alliance Loan

The repayment of the Shenzhen Sky Alliance Loan which is estimated, as at the Latest Practicable Date, to be RMB501,749,000 at Completion (equivalent to approximately HK\$602,099,000), is subject to the actual Completion Date according to the Shenzhen Sky Alliance Loan Agreements to be entered into at Completion under the Repayment Arrangement.

LETTER FROM THE BOARD

Please refer to the paragraphs headed “Shenzhen Sky Alliance Loan” and “Repayment Arrangement” above for further details on the Shenzhen Sky Alliance Loan and the Repayment Arrangement.

Conditions precedent

Completion is subject to and conditional upon, among others, the fulfilment or waiver (as the case may be) of the following conditions:

- (a) completion of the due diligence review to the satisfaction of the Purchaser;
- (b) the Purchaser having obtained all necessary consents and approvals in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (c) the undertakings, representations and warranties made by the Purchaser remaining to be true, accurate and not misleading from the date of the Sale and Purchase Agreement up to the Completion Date and there being no matters, facts and circumstances constituting any breach of the representations and warranties provided by the Purchaser under the Sale and Purchase Agreement;
- (d) the obtaining of the Shareholders’ approval at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to the Listing Rules;
- (e) the Company having obtained all necessary consents and approvals in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (f) the undertakings, representations and warranties made by the Company remaining to be true, accurate and not misleading from the date of the Sale and Purchase Agreement up to the Completion Date and there being no matters, facts and circumstances constituting any breach of the representations and warranties provided by the Company under the Sale and Purchase Agreement;
- (g) Shenzhen Gang Long City having obtained a written consent letter from China CITIC Bank in regard to China CITIC Bank agreeing to the early repayment of the CITIC Loan A with a waiver of the 20% early repayment penalty on the CITIC Loan A and consenting to a change in the indirect controlling shareholder of Shenzhen Gang Long City (if necessary);
- (h) Sun Century Property having obtained a written consent letter from China CITIC Bank in regard to China CITIC Bank agreeing to the early repayment of the CITIC Loan B with a waiver of the 20% early repayment penalty on the CITIC Loan B and consenting to a change in the indirect controlling shareholder of Sun Century Property (if necessary);
- (i) the structure and the form and substance of the relevant agreements of the Debt Restructuring and the form and substance of the Deed of Indemnity, the Shenzhen Sky Alliance Loan Agreements and the Property Mortgage having been agreed upon by the Company and the Purchaser;

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- (j) the Company and the Purchaser having obtained and approved the content of a tax advice, in relation to the transactions under the Sale and Purchase Agreement and the Disposal Group issued by a tax consultant approved by the Company and the Purchaser;
- (k) the Company and the Purchaser having obtained and approved the content of a PRC legal opinion by the Company's PRC legal advisor on the Debt Restructuring and the Shenzhen Sky Alliance Loan in the PRC; and
- (l) the Outstanding Litigation having been resolved and the seizure of the Seized Premises having been lifted.

Save for conditions (a), (f), (g), (h), (j), (k) and (l) above which may be waived in writing by the Purchaser and condition (c) above which may be waived in writing by the Company, none of the conditions set out above can be waived by any party to the Sale and Purchase Agreement.

If any of the above conditions precedent have not been fulfilled or waived by 4:00 p.m. on 31 May 2021 (or such later date as the Company and the Purchaser may agree in writing), the Sale and Purchase Agreement shall automatically be terminated and cease to be of any effect, and none of the Company and the Purchaser shall have any claim of any nature or liabilities under the Sale and Purchase Agreement save for any antecedent breaches of its terms.

As at the Latest Practicable Date, none of the abovementioned conditions has been satisfied.

Completion

Completion will take place within five (5) Business Days after all the conditions precedent under the Sale and Purchase Agreement having been fulfilled or waived (or such other date as may be agreed by the parties to the Sale and Purchase Agreement).

Upon Completion, the Company will no longer hold any equity interest in the Disposal Company and accordingly all of the companies under the Disposal Group will cease to be subsidiaries of the Group and the financial results of the Disposal Group will no longer be consolidated into those of the Group.

Deed of Indemnity

Pursuant to the Sale and Purchase Agreement and the Deed of Indemnity to be entered into at Completion by the Company, the Purchaser and the Disposal Company, the Company will indemnify the Purchaser against certain tax, litigation and contingent liabilities which, except for litigation liabilities, in aggregate cannot exceed the sum of the (i) Consideration; and (ii) the principal amount of the Shenzhen Sky Alliance Loan at Completion. The Deed of Indemnity must be in a form approved by the Company and the Purchaser prior to Completion.

LETTER FROM THE BOARD

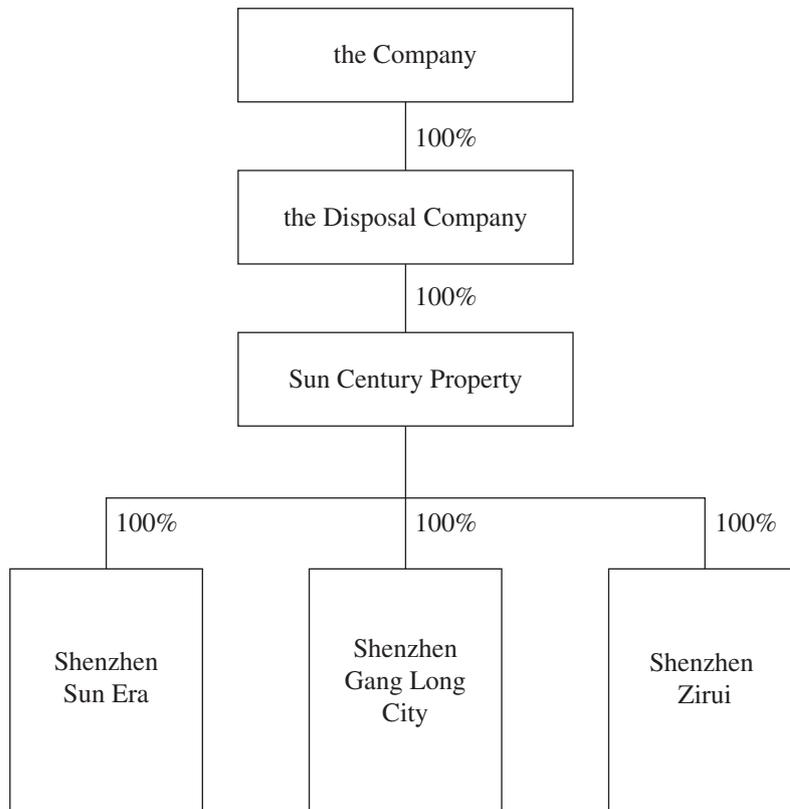
INFORMATION OF THE COMPANY

The Company is an investment holding company. 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) through SunTrust Group, the 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 resort and provision of hotel and integrated resort general consultancy services in the South East Asia region.

INFORMATION OF THE DISPOSAL GROUP

Shareholding structure of the Disposal Group

Set out below is the simplified shareholding structure of the Disposal Group as at the Latest Practicable Date:



The Disposal Company is an investment holding company and a wholly-owned subsidiary of the Company. Its principal asset is the entire equity interest in Sun Century Property.

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Sun Century Property is principally engaged in property development and property investment. Its principal assets are (1) Hong Long Plaza; and (2) the interest in Shenzhen Zirui. Shenzhen Zirui is principally engaged in property development and its principal assets are the remaining unsold units in Le Paysage.

Shenzhen Sun Era and Shenzhen Gang Long City are principally engaged in property management of Hong Long Plaza.

The Properties

Hong Long Plaza

Hong Long Plaza is a commercial and residential complex, developed by the Group, located in Shenzhen, Guangdong Province, the PRC. It comprises several residential buildings built on top of a five-storey commercial podium, namely the Gang Long City Shopping Centre. As at the Latest Practicable Date, Sun Century Property owned (i) the Gang Long City Shopping Centre and a commercial unit on the basement level, both of which are held for leasing purposes; and (ii) three (3) residential units.

Le Paysage

Le Paysage is a property development project, developed by the Group, located in Shenzhen, Guangdong Province, the PRC. The pre-sale of Le Paysage was launched in 2013. As at the Latest Practicable Date, approximately 86% of Le Paysage's total saleable area has been sold. One (1) apartment, twenty two (22) villas and twenty (20) commercial units and shops in Le Paysage remain unsold as at the Latest Practicable Date.

Seized Premises

Pursuant to the Outstanding Litigation, the Seized Premises have been seized by the People's Court of Shenzhen. The Board has consulted with the Group's PRC lawyers on the Outstanding Litigation and has confirmed the legal validity of the Disposal in the event that the Disposal proceeds without the Outstanding Litigation having been resolved.

The Valuation

The aggregate unaudited carrying amount of the Properties as at 31 December 2020 was approximately RMB1,519.85 million, representing the sum of the carrying amount of the investment properties of approximately RMB1,185.60 million and the carrying amount of inventories of approximately RMB334.25 million.

Based on the Valuation, the aggregate fair value of the Properties as at 31 January 2021 was approximately RMB2,008.39 million with the valuation of the investment properties of the Disposal Group of approximately RMB1,186.41 million and the valuation of the inventories of the Disposal Group of approximately RMB821.98 million as set out in the Valuation Report.

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Having review and taken into account (i) the scope of work of the Valuation; (ii) the Independent Valuer's qualifications and experience in relation to the preparation of the Valuation Report; (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the Valuation; (iv) the methodology (i.e. the market approach) used by the Independent Valuer which is the most common methodology used for the valuations of the Properties; and (v) the assumptions made by the Independent Valuer for the Valuation which are in line with industry practices, the Board is of the opinion that the Valuation is fair and reasonable in regards to the adjustments made to the inventories of the Disposal Group.

Financial Information of the Disposal Group

Set out below is the unaudited consolidated financial information of the Disposal Group prepared in accordance with the Hong Kong Financial Reporting Standards for the years ended 31 December 2019 and 2020:

	For the year ended 31 December 2020 RMB'000 (Unaudited)	For the year ended 31 December 2019 RMB'000 (Unaudited)
Revenue	37,674	63,651
Loss before taxation	459,889	173,701
Loss after taxation	357,296	184,851

The Disposal Group recorded unaudited consolidated net liabilities of approximately RMB839.42 million as at 31 December 2020.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal represents an opportunity for the Group to (i) sell all the remaining unsold units of Le Paysage in one transaction; (ii) realise its investment in Hong Long Plaza; (iii) focus and deploy its resources on the business of the Remaining Group; and (iv) reduce the debts of the Group.

(i) Sale of the remaining unsold units in Le Paysage

The pre-sale of Le Paysage began in 2013 and as at 31 December 2020, approximately 14% of the total saleable area of Le Paysage remained unsold. Le Paysage was a property developed by the Group for sale in its ordinary and usual course of business. The sluggish sales in 2019, which continued throughout the year ended 31 December 2020 was attributable to the tightening measures on mortgage applications and quotas on residential property purchases per individual and the COVID-19 outbreak which severely impacted the local PRC and global economy. The Disposal will allow the Group to realise, in one transaction, all the remaining unsold units of Le Paysage.

LETTER FROM THE BOARD

(ii) Realisation of the Group's investment in Hong Long Plaza

The occupancy rate of Gang Long City Shopping Centre held by the Disposal Group was approximately 82% for the year ended 31 December 2017, which deteriorated to 67% and 60% for the years ended 31 December 2018 and 2019 respectively. Such deterioration is mainly attributable to the intense competition resulting from other modern shopping centres that were opened in Baoan District (i.e. among others, Uniwalk (壹方城) and Hai Ya Mega Mall (海雅繽紛城)). For the year ended 31 December 2020, the occupancy rate further deteriorated to 58% which is mainly attributable to the COVID-19 outbreak which resulted in country wide and localised lock downs in the PRC in the first half of 2020 which severely impacted retail establishments.

In light of the expected continued increase in the supply of retail space in Shenzhen and a shift from in-store retail to online shopping and the impact from the COVID-19 outbreak, the Board believes that it is unlikely that the occupancy rate of Gang Long City Shopping Centre will improve and the property leasing segment will turn around from its loss-making position.

(iii) Focus on the Remaining Group

The Group's existing business segments

For the years ended 31 December 2018, 2019 and 2020, the reported business segments of the Group and their respective contribution to the Group's revenue are set out below:

	For the year ended 31 December					
	2020		2019		2018	
	RMB'000	%	RMB'000	%	RMB'000	%
	(audited)		(audited)	(audited)		(audited)
Segment revenue						
(1) travel related products and services	110,024	55.21	525,534	85.90	542,820	68.48
(2) property development	–	–	18,901	3.09	177,400	22.38
(3) property leasing and management and operation of malls	39,011	19.58	44,750	7.31	52,629	6.64
(4) hotel and integrated resort general consultancy services	7,879	3.95	14,450	2.36	19,794	2.50
(5) operation of integrated resort in the Philippines	–	–	–	–	–	–
(6) operation of integrated resort in the Russian Federation	42,377	21.26	–	–	–	–
(7) others	–	–	8,192	1.34	–	–
Total	199,291	100.00	611,827	100.00	792,643	100.00

LETTER FROM THE BOARD

For the years ended 31 December 2018, 2019 and 2020, the segment profit or loss of the reported business segments of the Group is set out below:

	For the year ended 31 December		
	2020	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
Segment profit/(loss)			
(1) travel related products and services	(29,376)	9,001	31,928
(2) property development	(72,738)	(41,248)	69,435
(3) property leasing and management and operation of malls	(419,092)	(117,447)	(15,365)
(4) hotel and integrated resort general consultancy services	(13,866)	4,110	2,966
(5) operation of integrated resort in the Philippines	(27,992)	–	–
(6) operation of integrated resort in the Russian Federation	(17,515)	–	–
(7) others	–	2,958	–
	<hr/>	<hr/>	<hr/>
Total	(580,579)	(142,626)	88,964
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The leasing of the properties held by the Disposal Group in Hong Long Plaza represents the Group's entire property leasing business before the completion of the acquisition of the entire interest in Dongyang Xinguang.

As shown in the tables above, the property leasing and management and operation malls segment made up approximately 72.19% of the Group's loss whilst only contributing approximately 19.58% of the Group's revenue for the year ended 31 December 2020. The property leasing business of the Disposal Group made up approximately 72.07% of the Group's loss of approximately RMB418,418,000 whilst only contributing approximately 18.09% of the Group's revenue for the year ended 31 December 2020. The two segments of travel related products and services and hotel and integrated resort general consultancy services generated segment profit while the property leasing and property development segments recorded segment losses for the year ended 31 December 2019 and, all the segments other than the property leasing segment generated segment profit for the year ended 31 December 2018.

Reference is made to paragraphs 32 to 35 of the Stock Exchange's guidance letter HKEX-GL96-18 in relation to a listed issuer's material reliance on various parties. As disclosed above, the majority of the Group's revenue is derived from the travel related products and services segment (the "Travel Business") and even more so when excluding the revenue derived from Summit Ascent which is also a company listed on the Stock Exchange. The majority of the revenue of the Travel Business is derived from products sourced from and the sale of products and services to Sun City Gaming Promotion, a company held by Mr. Chau who is a connected person of the Company with the remainder of the Travel Business revenue derived from Independent Third Parties.

LETTER FROM THE BOARD

In regards to the Company's relationship with Mr. Chau, as the Travel Business is mutually beneficial to both parties and as the controlling Shareholder of the Company, Mr. Chau has a material interest in the Company, the business relationship between the Company and Mr. Chau in relation to the Travel Business is unlikely to be terminated.

The Board has been aware of the Group's material reliance on Mr. Chau through the Travel Business and has been actively diversifying the Travel Business product offerings in recent years by extending its products from hotel accommodation products and ferry tickets to travel packages and other entertainment packages and hotel accommodation products have also been extended from Macau to other geographical locations, including Cambodia and Vietnam, which were sourced from Independent Third Parties, over the past few years resulting in an increasing trend in the proportion of revenue derived from Independent Third Parties.

The Group has also been actively diversifying into new business segments in recent years through (i) the Hoiana project; (ii) the development of the Main Hotel Casino; (iii) the acquisition of Dongyang Xinguang; (iv) the provision of hotel and integrated resort general consultancy services; (v) the acquisition of lands for resort development in Japan; (vi) the acquisition of Summit Ascent; and (vii) the planned food and beverage business. Further details on the aforementioned developments and projects are disclosed in the below section headed "Business of the Group upon Completion".

Also, due to the COVID-19 pandemic, the Travel Business has been scaled down considerably and as the travel restrictions across the world including the PRC, Hong Kong and Macau are largely still in place as at the Latest Practicable Date, the Travel Business is expected to further diminish for the year ending 31 December 2021 whereas the Group's other business segments are expected to expand with the Group's support as the Group is primarily focusing on diversifying and expanding its business separate from the Travel Business which will reduce the Group's reliance on the Travel Business.

Business of the Group upon Completion

Upon Completion, the principal business segments of the Group will comprise (i) property development in 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) through SunTrust Group, the development and operation of an integrated resort in the Philippines; (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; and (vii) other businesses under development.

LETTER FROM THE BOARD

1. The sale of travel-related products and services segment

- (1) The sale of hotel accommodation products is only one of the revenue streams of the sale of travel-related products and services segment. Since 2018, the Group has expanded (i) the scope of travel-related products offered to transportation tickets, event tickets and bundle products; and (ii) its geographical reach to Vietnam, Cambodia and Turkey, which have been sourced from independent suppliers. As of 31 December 2020, there were 31 employees and 2 consultants employed under this segment which are expected to be capable of handling the expansion of this segment. The Group plans to (i) expand its offerings to include the sale of hotel accommodation products in other regions, in particular the Russian Federation and other Asian countries like Japan and Philippines; and (ii) enhance its platform, in particular the electronic platform to broaden its customer base. This segment is under continual development by the Group and such expansion will not require any significant capital commitments.
- (2) Charter flight offerings.

In January 2020, the Group completed the acquisition of an aircraft. The Group commenced the provision of charter flights in 2021 and such relevant revenue generated will be recorded as part of the Group's revenue classified under the Group's travel related products and services segment.

2. Operation of the hotel and gaming business in the Integrated Entertainment Zone of Primorye Region in the Russian Federation

As at the Latest Practicable Date, the Group directly and indirectly held approximately 69.66% equity interest in Summit Ascent, the shares of which are listed on the Main Board of the Stock Exchange (stock code:102).

Summit Ascent holds approximately 77.5% of the controlling interest in an integrated resort named "Tigre de Cristal" in the far east region of the Russian Federation. Phase I 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, 330 electronic gaming machines and a 121-room 5-star hotel with food and beverage and retail outlets. As of 31 December 2020, there were 1,081 employees employed under SA Group. Phase II of Tigre de Cristal will triple the current number of hotel rooms, and double the number of tables and electronic gaming machines. Additional employees will be recruited to handle the expanded operations before the opening of Phase II of Tigre de Cristal.

Phase II of Tigre de Cristal is currently under development and expected to commence operations in 2023 or a later date given the progress of the pre-construction phase has been affected due to the continual impact of COVID-19. The SA Group pins hope on the success of the vaccination programme in Russia in easing the impact of COVID-19 on the pre-construction phase of the Phase II development of Tigre de Cristal and helping to meet its original construction and development schedule. The development of Phase II of Tigre de Cristal is estimated to require a total investment of approximately US\$200 million (equivalent to approximately HK\$1,550 million).

LETTER FROM THE BOARD

3. *Provision of hotel and integrated resort general consultancy services in Vietnam*

- (i) In August 2018, the Group completed the acquisition of approximately 34% indirect equity interest in an integrated resort located in Hoi An (“**Hoiana**”). Hoiana is classified as a joint venture of the Company. Hoiana is expected to comprise of seven phases to be developed over a span of thirteen years on a site of approximately 985.5 hectares. Phase 1 includes more than 1,000 hotel rooms, a casino with 140 gaming tables and over 300 electronic gaming machines, as well as a golf course, and the preview of Phase 1 took place on 28 June 2020. Revenue from the provision of consultancy services is recognised as revenue of the Group and the operating results of the Hoiana is accounted for as share of results of a joint venture in the consolidated financial statements of the Group. Phase 2 to Phase 7 of the Hoiana is currently planned or already under development and is expected to be developed up to 2027. As the development plans of Phase 2 to Phase 7 are still in the planning phase, the capital commitment of Phase 2 to Phase 7 of the Hoiana is currently still under determination.

For the year ended 31 December 2020, the Group derived income from the provision of hotel and integrated resort general consultancy services of RMB7.88 million. Upon preview of the casino, the Group has begun to receive income based on the gaming revenue of the casino and the revenue from the sale of food and beverages as well as the EBITDA of the casino and food and beverages outlets under management. The term for the provision of consultancy services is ten years, renewable for another ten years. As of 31 December 2020, there were 12 employees and 9 consultants employed under this segment.

- (ii) In September 2017, the Group has entered into a technical services agreement in respect of an integrated resort project to be developed in Van Don District, Quang Ninh Province, Vietnam (the “**Project**”). The Group is in the negotiation with the owner of the Project to extend the service period of the technical service agreement which covers the consultancy services to be provided prior to the opening of the Project and aims to provide consultancy services after the opening of the Project. The Group plans to recruit 4 additional employees to handle the further business development of this segment.

4. *Management and operation of malls in Zhejiang Province, the PRC*

On 19 November 2020, the Group acquired the entire interest of Dongyang Xinguang, in which Dongyang Xinguang is the lessee in relation to a lease on the Phase 1 Shopping Mall of Xinguang Tiandi* (新光天地一期購物廣場) and Phase 2 Living Mall of Xinguang Tiandi* (新光天地二期生活廣場) comprising 620 units with a total floor area of 65,241.98 sq.m., and located at Xinguang Tiandi, No. 51 Wuningjiedao Nanjie, Dongyang City, Zhejiang Province* (浙江省東陽市吳寧街道南街51號新光天地) for a term of twenty (20) years commencing on 1 January 2015 and ending on 31 December 2034. The occupancy rates of Phase 1 Shopping Mall and Phase 2 Living Mall were approximately 87.02% and 79.28% respectively for the year ended 31 December 2020.

There were about 60 employees under Dongyang Xinguang as at 31 December 2020 and details of the historical financial information of Dongyang Xinguang were disclosed in the announcement of the Company dated 18 December 2020.

LETTER FROM THE BOARD

5. *Other businesses under development*

As at the Latest Practicable Date, the following investments of the Group are under development.

(i) *Integrated resort development in the Philippines*

In October 2019, the Group acquired 51% equity interest in SunTrust, a company listed on The Philippine Stock Exchange, Inc. (Stock code: SUN). SunTrust is accounted for as a subsidiary of the Company. In February 2020, SunTrust entered into a lease agreement to lease a project site for development of a main hotel casino located at the Entertainment City, Manila, the Philippines (the “**Main Hotel Casino**”). Further details of the lease agreement were disclosed in the announcement of the Company dated 24 February 2020 and the circular of the Company dated 26 March 2020. As of 31 December 2020, there were (i) 2 employees in the Philippines; (ii) 9 employees in Hong Kong; and (iii) a team in Macau, employed under the provision of hotel and integrated resort general consultancy services segment, working on the development of the integrated resort.

The planning and design of the Main Hotel Casino has commenced and the Main Hotel Casino is expected to commence operations in 2023. The master layout plan of the Main Hotel Casino has been confirmed and a main contractor has been appointed and construction commenced in 2020. Approximately RMB267.64 million has been incurred as of 31 December 2020. The Group plans on recruiting employees for the Main Hotel Casino around 12 to 18 months prior to the commencement of operations of the Main Hotel Casino and the headcount will be finalised at that time. The Company estimates a total investment of approximately US\$1 billion (including the acquisition of right-of-use assets, i.e. the land for the Main Hotel Casino). Upon commencement of operations, SunTrust will be the sole operator and manager of the Main Hotel Casino and its financial results will be consolidated in the consolidated financial statements of the Group.

The Main Hotel Casino has been funded through (i) convertible bonds in the principal amount of PHP7.3 billion and PHP5.6 billion (equivalent to approximately HK\$1.1 billion and HK\$899 million) issued by SunTrust and subscribed by the Group pursuant to subscription agreements dated 29 May 2020 and 1 June 2020, respectively; and (ii) a loan of US\$120 million (equivalent to HK\$930 million) provided by a wholly-owned subsidiary of Summit Ascent to SunTrust pursuant to a loan agreement dated 23 February 2021, which was subsequently approved by the shareholders of Summit Ascent on 20 April 2021.

SunTrust has been negotiating with seven financial institutions for external loan financing for further funding for the development and construction of the Main Hotel Casino. The Group and the SA Group have extensive experience performing debt and/or equity fund raising exercises and maintain good and steady relationship with various banks, financial institutions and investors of the gaming industry, all of whom can potentially assist SunTrust in its fund raising exercises.

LETTER FROM THE BOARD

(ii) *Resorts development in Japan*

- (a) On 2 September 2019, the Group completed the acquisition of a 51% interest in MSRD Corporation Limited (“MSRD”). The principal asset of MSRD is the plot of land with a total site area of 108,799 sq.m. located on Miyako Island, Okinawa, Japan (日本沖繩縣宮古島). The Group intends to apply to Okinawa’s Legal Affairs Bureau for conversion of its designated use to resort hotel development. The Group aims to build 40 villas and a hotel tower with more than 100 rooms. As of 31 December 2020, there were 9 employees in Hong Kong working on the development of the aforementioned plot of land.

The abovementioned 40 villas will be sold and the hotel tower will be held by the Group. The Group is currently finalising the development plans and construction is expected to commence in 2022 and is expected to be completed by 2024. The Company estimates approximately HK\$2.37 billion is required for the development of the site based on the preliminary development plans. It is expected that the Group will record revenue from the sale of villas, management fee income in respect of the recurring management services to the villa and revenue from the operations of the hotel tower.

The Group is currently in discussion with the local government, selecting an architect and contractor, preparing the project design, and currently undergoing a geology investigation. The Group is about to finalise the engagement with a professional firm as the financial advisor for the project to prepare a detailed feasibility report to secure financing and in regards to financing, the Group is currently in discussion with a local Japanese bank.

- (b) In January 2021, the Group completed the acquisition of land parcels with a total site area of 220,194 sq.m. located at Niseko, Hokkaido Japan. The Group intends to build 50 villas and 20 town houses and a hotel with 40 rooms. As of 31 December 2020, there were 9 employees in Hong Kong working on the development of the aforementioned plots of land. Ground investigation work has commenced and completion is expected in 2024. The Company estimates approximately HK\$2.53 billion is required for the development of the sites based on the preliminary development plans.

The Group is currently in discussion with the local government, selecting an architect and contractor, preparing the project design and the initial geology investigation has already been completed. The Group is at the final stages of engaging an architect for the project. The Group is currently preparing to appoint a financial advisor to prepare a detailed feasibility report for financing purposes and in regards to financing, the Group plans on opening discussions with local Japanese banks.

LETTER FROM THE BOARD

(iii) Food and beverage business

As disclosed in the announcement of the Company dated 21 February 2021, Shenzhen Sky Alliance entered into an memorandum of understanding in relation to the leasing of certain premises. The Group intends to refurbish such premises into a modern food street style cafeteria area with the concept of integrating multiple small scale catering and food industry stores which will commence as a new business segment of the Group. The Group will utilise its own internal food and beverage team dedicated to enhancing various food and beverage outlets across the Group's property developments and projects. The Group is considering recruiting 5 more employees depending on the development scope of the modern food street style cafeteria and the detailed headcount will be finalised around the end of 2021 to early 2022. The estimated development cost of the modern food street style cafeteria is approximately RMB15 million.

(iv) Reduction of liabilities of the Group

As a result of the Debt Restructuring and the Disposal, the outstanding liabilities of the Disposal Group of approximately RMB791.68 million (without taking into account the amount of the Shenzhen Sky Alliance Loan and the CITIC Loans) due by the Disposal Group and the CITIC Loans will no longer be part of the Group's outstanding obligations upon Completion and the proceeds from the repayment of the Shenzhen Sky Alliance Loan will also be utilised to repay other borrowings of the Remaining Group.

Assuming the Disposal was completed as at 31 December 2020, according to the terms and structure of the Disposal as disclosed in this circular, the Group expects to record a gain on the Disposal of approximately RMB220.70 million, subject to an audit. Accordingly, assuming the Debt Restructuring is completed prior to Completion, the Company's consolidated net assets value is expected to increase from approximately RMB4,600.61 million to approximately RMB4,821.31 million as at 31 December 2020 as result of the Disposal.

As at 31 December 2020, the Disposal Group had total assets of approximately RMB3.02 billion and 63 employees and consultants representing approximately 33.44% and 4.86% of the Group's total assets of approximately RMB9.03 billion and 1,295 employees and consultants respectively. Upon Completion, the Group would still retain approximately RMB6.01 billion in total assets and 1,232 employees and consultants. If also excluding the SA Group, the Group would still retain approximately RMB3.37 billion in total assets and 151 employees and consultants.

LETTER FROM THE BOARD

Upon Completion, the property leasing and management and operation of malls segment will be represented by the business performance of Dongyang Xinguang, which was acquired in November 2020. Despite the impact of COVID-19, the occupancy rates of the malls operated by Dongyang Xinguang as of 31 December 2020 were 87.02% and 79.28% and based on existing contracts with tenants and customers, the Board expects the revenue for this particular segment to grow steadily. In the meantime, with the expected eventual uplift of various travel restrictions, the full opening of Hoiana is expected to occur in the near future, which will give rise to an increase in revenue from the hotel and integrated resort general consultancy services segment. Given the aforementioned, the Board expects the aggregate revenue from these two business segments will outweigh the revenue from the Travel Business and become the major contributors to the Group's revenue (excluding the operation of integrated resorts in Philippines and Russian Federation) and reduce the Group's overall reliance on its controlling Shareholder. In addition, the Group is expected to derive revenue from the resorts to be developed in Japan, which have already commenced preliminary preparation works.

In its current state, the Disposal Group is not contributing to mitigate the Group's reliance on the Travel Business as the Board does not expect the Disposal Group to be profitable for the foreseeable future. It is expected that the performance of the Disposal Group will continue to be unsatisfactory as there is an irreversible growing trend of online shopping which has been much accelerated by the COVID-19 pandemic. The Board does not expect that there will be a change of the trend in the consumers' behaviour for online shopping even after the COVID-19 pandemic has been resolved. It is in the interests of the Company and its Shareholders not to continue to allocate resources and efforts in the Disposal Group with dim prospect and to realise the investment in the Disposal Group and redirect the resources to other business segments with much better prospects. The Board also considers that the Disposal Group will actively hinder and potentially delay the Group's efforts in diversifying and expanding its business segments as in the case that the Disposal is not completed, the significant liabilities and losses of the Disposal Group will hinder the Group's cash flow which would also potentially impact the Group's active development of its other businesses.

The Disposal is critical to the development of the abovementioned projects as the significant reduction in the Group's outstanding liabilities and improvement in the profitability of the Group will allow for easier sourcing of debt financing and negotiation of better financing terms due to the Group's significantly improved gearing ratio. The diversification into the new food and beverage business is also reliant on the Disposal as in the case that the Disposal does not proceed the Group will have to prioritise its existing business segments and settling outstanding liabilities.

Having considered all of the above mentioned factors, the Board considers that the terms of the Disposal and the transactions contemplated thereunder (including the Consideration) are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Aside from the Disposal and the lease in relation the food and beverage business segment as disclosed in this Circular, the Company has no intention to further dispose of any other segments of its existing business or acquire any new business upon Completion.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited consolidated financial statements of the Disposal Group for the year ended 31 December 2020, the gain on the Disposal is estimated to be approximately RMB220.70 million, subject to an audit, which is arrived at after deducting the Consideration by (i) estimated expenses relating to the Disposal of approximately RMB1.61 million; (ii) the estimated increase in the consolidated net assets value of the Disposal Group upon the completion of Debt Restructuring as of 31 December 2020 of approximately RMB772.40 million; and (iii) the unaudited consolidated net liabilities of the Disposal Group as at 31 December 2020 of approximately RMB839.42 million.

Shareholders should note that the actual gain or loss on the Disposal to be recorded by the Company will depend on the financial position of the Disposal Group as at the Completion Date.

INTENDED USE OF PROCEEDS

The Company intends to apply the net proceeds from the Disposal of approximately RMB655.43 million (equivalent approximately HK\$786.52 million), subject to the actual Completion Date as summarised below:

In respect of the repayment of the Shenzhen Sky Alliance Loan of RMB501,749,000, the proceeds will be utilised to settle other borrowings of the Group as outlined below:

No.	Nature	Counterparty	Relationship	Amount <i>RMB'000</i>	Due date
1.	Other borrowings	Non-financial institution	Independent Third Party	49,000	3 June 2021
2.	Other borrowings	Non financial institution	Independent Third Party	25,000	1 December 2021
3.	Other borrowings	Non-financial institution	Independent Third Party	14,000	19 December 2021
4.	Other borrowings	Non financial institution	Independent Third Party	108,000	15 January 2022
5.	Other borrowings	Non-financial institution	Independent Third Party	60,000	16 January 2022
6.	Other borrowings	Non-financial institution	Independent Third Party	70,000	21 January 2022
7.	Other borrowings	Non-financial institution	Independent Third Party	51,749	22 January 2022
8.	Other borrowings	Non-financial institution	Independent Third Party	34,000	19 March 2022

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No.	Nature	Counterparty	Relationship	Amount <i>RMB'000</i>	Due date
9.	Other borrowings	Non-financial institution	Independent Third Party	90,000	7 January 2023
			Total	<u>501,749</u>	

In respect of the net proceeds from the Consideration of approximately HK\$184,420,000, (i) approximately HK\$166,265,000 will be utilised to repay a loan from a related company due on 7 January 2022; and (ii) the remaining HK\$18,155,000 will be utilised as general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Disposal exceeds 25% but all of the applicable percentage ratios are below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Shenzhen Sky Alliance Loan exceeds 5% but all the applicable percentage ratios are below 25%, the Shenzhen Sky Alliance Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As the Shenzhen Sky Alliance Loan Agreements will be entered into upon Completion, the Company will make further announcement(s) on the Shenzhen Sky Alliance Loan as and when appropriate.

EGM

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. 2:30 p.m. on Sunday, 16 May 2021) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

LETTER FROM THE BOARD

In compliance with the Listing Rules, voting on the resolution to be proposed at the EGM will be conducted by way of poll. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder is materially interested in the Sale and Purchase Agreement. As such, no Shareholder is required to abstain from voting on the resolutions at the EGM accordingly.

CLOSURE OF THE SHAREHOLDERS' REGISTER

The register of members of the Company will be closed from 13 May 2021 to 18 May 2021 (both days inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. No transfer of Shares will be registered during this period. Shareholders whose names appear on the register of members of the Company on 18 May 2021 shall be entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, unregistered holders of the Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 12 May 2021.

RECOMMENDATION

The Directors are of the view that the Disposal and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution(s) approving the Disposal and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of the Board
Suncity Group Holdings Limited
Chau Cheok Wa
Chairman

Hong Kong, 26 April 2021

1. FINANCIAL INFORMATION OF THE COMPANY

Details of the audited consolidated financial information of the Group for the years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<https://www.suncitygroup.com.hk/>).

- (i) The audited financial information of the Group for the year ended 31 December 2020 is disclosed in the annual results announcement of the Company for the year ended 31 December 2020 published on 29 March 2021, from pages 2 to 44.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0330/2021033000137.pdf>

- (ii) The audited financial information of the Group for the year ended 31 December 2019 is disclosed in the annual report of the Company for the year ended 31 December 2019 published on 11 June 2020, from pages 81 to 272;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0611/2020061100380.pdf>

- (iii) The audited financial information of the Group for the year ended 31 December 2018 is disclosed in the annual report of the Company for the year ended 31 December 2018 published on 30 April 2019, from pages 63 to 224;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0430/ltn201904301107.pdf>

Details of the audited consolidated financial information of the SA Group for the years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of Summit Ascent (<http://www.saholdings.com.hk>).

- (i) The audited financial information of the SA Group for the year ended 31 December 2020 is disclosed in the annual results announcement of Summit Ascent for the year ended 31 December 2020 published on 23 March 2021, from pages 2 to 15.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0323/2021032301687.pdf>

- (ii) The audited financial information of the SA Group for the year ended 31 December 2019 is disclosed in the annual report of Summit Ascent for the year ended 31 December 2019 published on 22 April 2020, from pages 66 to 140;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0422/2020042200696.pdf>

- (iii) The audited financial information of the SA Group for the year ended 31 December 2018 is disclosed in the annual report of Summit Ascent for the year ended 31 December 2018 published on 29 April 2019, from pages 58 to 126;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904291146.pdf>

2. STATEMENT OF INDEBTEDNESS

As at 28 February 2021, being the latest practicable date for the purpose of this statement of indebtedness, the Group had the following aggregate outstanding indebtedness:

	Secured	Unsecured	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of bank borrowings	366,716	–	366,716
Carrying amount of other borrowings	242,416	704,481	946,897
Principal amount of loans from non-controlling shareholders of subsidiaries	80,438	159,192	239,630
Carrying amount of interest payables of loans from non-controlling shareholders of a subsidiary	–	2,877	2,877
Carrying amount of amount due to a director	–	4,660	4,660
Principal amount of amount due to a related company	–	252,854	252,854
Carrying amount of loan from a related company	–	136,858	136,858
Carrying amount of interest payables of loan from a related company	–	682	682
Carrying amount of interest payables of amount due to a related company	–	2,563	2,563
Principal amount of convertible bonds payable to related companies	–	583,315	583,315
Principal amount of convertible bond payable	–	19,414	19,414
Lease liabilities	12,787	821,145	833,932
	<u>702,357</u>	<u>2,688,041</u>	<u>3,390,398</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>112,833</u>	<u>112,833</u>

As at 28 February 2021, except for a bank loan of approximately RMB49,216,000 was guaranteed by Mr. Chau, all of the above indebtedness were unguaranteed.

As at 28 February 2021, the Company has obtained a bank overdraft facility of up to HK\$80,000,000. The facility is to be secured by a corresponding amount of deposit upon utilisation of the facility, interest bearing at (i) 1.5% over the overnight HIBOR or (ii) 1% p.a. above the deposit rate for the pledged bank deposit, whichever is higher and repayable after one year of the date of grant of such facility. As at 28 February 2021, no deposits has been pledged and no facilities has been utilised.

Pledged assets

The Group pledged the entire equity interests of subsidiaries, certain of its property, operating right 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 28 February 2021, 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 facilities granted to HASD.

Contingent liabilities and guarantees

As at 28 February 2021, 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 RMB615,000. 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 28 February 2021.

As at 28 February 2021, 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 28 February 2021.

3. MATERIAL ADVERSE CHANGE

Due to the seizure of the Seized Premises in relation to the Outstanding Litigation as described in “Appendix III (General Information) – 7. Litigation” in this circular, a subsidiary of the Group was in breach of the covenants in respect of CITIC Loan B, which led to an event of default for such bank borrowing. Accordingly, CITIC Loan B amounting to RMB40,000,000 is reclassified from non-current liabilities to current liabilities as of 31 December 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, as at the Latest Practicable Date, the Directors confirmed there has not been any material adverse change in the financial or trading position since 31 December 2020 (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. SUFFICIENCY OF WORKING CAPITAL

As at 28 February 2021, the Group’s total borrowings comprising bank and other borrowings, loans from non-controlling shareholders of subsidiaries and a related company, convertible bonds due to related companies and convertible bond, non-trade related amounts due to a related company, non-controlling shareholders of a subsidiary and a director and lease liabilities amounted to approximately RMB3,390,398,000.

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 RMB523 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 with principal amount of JPY1,323,000,000 (equivalent to approximately RMB80,438,000) 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 RMB12.2 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 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 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.

5. FINANCIAL AND TRADING PROSPECTS 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) through SunTrust Group, the 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 preview 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.

Summit Ascent holds approximately 77.5% of the controlling interest in an integrated resort named “Tigre de Cristal” in the Russian Far East. Phase I 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 electronic gaming machines and a 121-room 5-star hotel with food and beverage and retail outlets. Phase II of Tigre de Cristal will triple the current number of hotel rooms, and double in the number of tables and electronic gaming machines. 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 MSRD, 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, MSRD intends to build 40 villas 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 Niseko, Hokkaido, Japan. Subject to the final development plan to be approved by the Group, Honour City intends to build 50 villas, 20 town houses and a hotel with 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 and manager 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.

The following is the text of letter and valuation report, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 31 January 2021 of the property interests held by the Group in the People's Republic of China.



Unit 1005, 10/F., Capital Centre,
151 Gloucester Road,
Wanchai,
Hong Kong

26 April 2021

The Directors

Suncity Group Holdings Limited
Unit 1705, 17/F,
West Tower, Shun Tak Centre,
168-200 Connaught Road Central, Hong Kong

Dear Sirs,

Re.: Valuation of various properties in the People's Republic of China (the "Properties" or the "Property")

Background

In accordance with your instructions to value the property interests held by Suncity Group Holdings Limited ("**the Company**") and its subsidiaries (together referred to as "**the Group**") located in the People's Republic of China ("**the PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 31 January 2021 ("**the Valuation Date**") for the purpose of incorporation into the circular issued by the Company on the date hereof (the "**Circular**").

Our valuation is our opinion of the market value of the property interests. Market Value, in accordance with International Valuation Standard published by International Valuation Standard Council ("**IVSC**"), is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Valuation Methodology(ies)

In valuing the property interest of property no. 1, we have adopted the income approach and market approach.

For the commercial portion of property no. 1, we have valued the property by income approach that taking into account the current rent passing of the property interest and the reversionary potential of the tenancy(ies). In determining the market value of residential portion and the reversionary potential of the tenancy(ies), we have adopted the market approach with reference to the recent sale transactions and the proposed leasing and for similar premises in the proximity.

In valuing the property interest of property no. 2, we have valued the property by market approach assuming sale in their existing state by making reference to comparable sales evidences as available in the relevant market.

General Assumption

Our valuation has been made on the assumption that the owner sells the property interest on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interest. In addition, no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the valuation report. It is also assumed that all required licenses, consents, or other legislative or administrative authority from any local, provincial, or national government private entity or organization either have been or can be obtained or renewed for any use which the valuation report cover.

We have assumed that all consents, approvals and licenses from relevant government authorities for the Properties have been granted without any onerous conditions or undue time delay which might affect their values. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report. Moreover, we have assumed that the utilization of the Properties and improvements is within the boundaries of the Properties described and that no encroachment or trespass exists, unless noted in the valuation report.

Title investigation

We have been provided with copies of extracts of title documents relating to the Properties. However, we have not conducted land searches on the Properties and we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. No responsibility is assumed for legal matters in nature and no investigation has been made to the title of or any liabilities against the Properties appraised. In this appraisal, it is presumed that the Properties' titles are good and marketable, and there are no encumbrances on the Properties which cannot be cleared through normal processes. For the purpose of title establishment, it is advised to seek opinion from competent legal consultants.

In undertaking our valuation for the property interests in the PRC, we have relied on the legal opinion dated 4 February 2021 provided by the Group's PRC legal advisers, Guangdong Yandao Law Firm and the legal opinion dated 8 April 2021 provided by the Group's another PRC legal advisers, Shanghai Allbright Law Office Shenzhen Branch.

Sources of information

We have relied to a considerable extent on information provided by the Group and have accepted the advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the Property and other relevant matter. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us and have no reason to suspect that any material information has been withheld. All documents have been used for reference only. We consider that we have been provided with sufficient information to reach an informed view.

All dimensions, measurements, and areas included in the valuation report are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

Site investigation

We have inspected the exteriors of the Property in respect of which we have been provided with such information as we have required for the purpose of our valuations.

We have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the Property is free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

We have not carried out an investigation to determine the suitability of the ground conditions or the services for any property developments to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period.

Valuation Standards

In valuing the property interests, our valuation has been prepared in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors (“**RICS**”), the International Valuation Standards published by IVSC and the requirements set out in Chapter 5 of and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the Properties in the PRC include: (i) land appreciation tax, (ii) sales tax, (iii) value-added tax, (iv) stamp duty, (v) enterprise income tax and (vi) urban maintenance and construction tax. It is unlikely that such tax liability will be crystallised in the recent future as the Company has no intention to dispose of or transfer the relevant property interests. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability.

Service terms

Unless otherwise stated, all values are denominated in Renminbi (RMB). The exchange rates used in valuing the Property are the rates as at the Valuation Date, which was HK\$1: RMB0.8293. There has been no significant fluctuation in the exchange rate for RMB against Hong Kong Dollars between that date and the date of this letter.

The English transliteration of the Chinese name(s) in this valuation report, where indicated by an asterisk (*), is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).

We enclose herewith the summary of valuation together with the valuation report.

Yours faithfully,

For and on behalf of

GRANT SHERMAN APPRAISAL LIMITED

Victor W.K Lam

MRICS, RICS Registered Valuer, CFA, FRM

Associate Director

Real Estate Group

Note:

Mr. Victor W.K. Lam is a member of the Royal Institution of Chartered Surveyors, a RICS Registered Valuer, a Chartered Financial Analyst, and a Financial Risk Manager who has been working in the financial industry since 2009. He is experienced in valuation of real estate, business equities, intangible assets and derivatives for various purposes in Hong Kong, the PRC and the Asian Rim.

SUMMARY OF VALUATION

Group I – Property interests held by the Group for investment purpose in the PRC

No. Property	Market Value in existing state as at the Valuation Date
1. Portion of a commercial podium, a commercial unit on basement level 1 and 3 residential units of Hong Long Plaza situated to the east of Guangshen Main Road, No. 80 District, Xixiang Town, Baoan District, Shenzhen City, Guangdong Province, the PRC	RMB780,780,000
	Indicative Value of the portion in notes 2 and 3 of Group I
	RMB405,630,000
Sub Total	RMB1,186,410,000

Group II – Property interests held by the Group for sales purpose in the PRC

No. Property	Market Value in existing state as at the Valuation Date
2. The unsold portion of Le Paysage (formerly known as Zirui Garden) (excluding of the carparking spaces) located at Bugouwo, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC	RMB772,260,000
	Indicative Value of the portion in notes 2 and 3 of Group II
	RMB49,720,000
Sub Total	RMB821,980,000
Grand Total	RMB2,008,390,000

VALUATION REPORT

Group I – Property interests held by the Group for investment purposes in the PRC

No.	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at the Valuation Date
1.	Portion of a commercial podium, a commercial unit on basement level 1 and 3 residential units of Hong Long Plaza situated to the east of Guangshen Main Road, No. 80 District, Xixiang Town, Baoan District, Shenzhen City, Guangdong Province, the PRC	<p>The Property comprises portion of a 5-storey commercial podium, a commercial unit on basement level 1 and 3 residential units on level 10 of Block C of a residential/commercial composite development completed in about 2006.</p> <p>Total gross floor area of portion of the 5-storey commercial podium, the commercial unit on basement level 1, and the 3 residential units on level 10 of Block C is approximately 64,397.13 sq.m., 563 sq.m. and 144.6 sq.m. respectively.</p> <p>The land-use rights of the Property were granted for a term with the expiry date on 24 October 2062 for commercial and residential uses.</p>	<p>Portion of the commercial podium of the Property with a total gross floor area of approximately 37,562.06 sq.m. was occupied by the tenants for retail and commercial uses as at the Valuation Date.</p> <p>Portion of the commercial podium of the Property with a total gross floor area of approximately 26,835.07 sq.m. was vacant as at the Valuation Date.</p> <p>The basement level of the Property was occupied by a tenant for commercial use as at the Valuation Date.</p> <p>The residential units of the Property were vacant as at the Valuation Date.</p>	<p>RMB780,780,000</p> <p>Indicative Value of the portion in notes 2 and 3</p> <p>RMB405,630,000</p>

Notes:

1. Pursuant to 8 Shenzhen City Real Estate Ownership Certificates, the ownerships of the Property with total gross floor area of approximately 64,541.73 sq.m. are vested in Sun Century Property Group Limited* (太陽世紀地產集團有限公司) (“Sun Century Property”) for a term with the expiry date on 24 October 2062 for commercial and financial and residential uses. The particulars are as follows:

Property	Real Estate Ownership Certificates (Document Nos.)	Approximate Gross Floor Area (sq.m.)	Completion Date	Uses
101, Block 1, Hong Long Plaza	Shen Fang Di Zi No.: 5000575707	12,776.27	20 October 2006	Commercial and financial
201, Block 1, Hong Long Plaza	Shen Fang Di Zi No.: 5000575709	12,507.05	20 October 2006	Commercial and financial
306, Block 1, Hong Long Plaza	Shen Fang Di Zi No.: 5000575705	12,632.04	20 October 2006	Commercial and financial
401, Block 1, Hong Long Plaza	Shen Fang Di Zi No.: 5000575708	13,960.03	20 October 2006	Commercial and financial
501, Block 1, Hong Long Plaza	Shen Fang Di Zi No.: 5000575687	12,521.74	20 October 2006	Commercial and financial
1001, Block 1C, Hong Long Plaza	Shen Fang Di Zi No.: 5000553806	48.20	20 October 2006	Residential
1002, Block 1C, Hong Long Plaza	Shen Fang Di Zi No.: 5000553813	48.20	20 October 2006	Residential
1003, Block 1C, Hong Long Plaza	Shen Fang Di Zi No.: 5000553814	48.20	20 October 2006	Residential
Total		64,541.73		

2. According to the information provided by the Company, the Property comprises a commercial unit on basement level 1 with a gross floor area of approximately 563 sq.m without Real Estate Ownership Certificate. In the course of our valuation, we ascribed no market value to the basement that is not entitled to be transferred.

For the indicative purpose, the market value of the basement portion as at the Valuation Date is RMB8,290,000 by assuming that the basement portion has obtained the relevant title document and is legally transferrable in the market.

3. According to the PRC Legal Opinion, portion of the commercial podium (No. 101, Block 1, Hong Long Plaza) of the Property is subject to a court seizure commencing on 10 May 2019 and expiring on 9 May 2022. Under the order, the relevant portion of the Property (“the seized portion”) is not entitled to be transferred. In the course of our valuation, we ascribed no market value to the seized portion that is not entitled to be transferred.

For the indicative purpose, the market value of the seized portion as at the Valuation Date is RMB397,340,000 by assuming that the seized portion is legally transferrable in the market.

4. According to 4 Mortgage Contract of Maximum Amount (Document Nos.: 2013 Shen Yin Jing Zui Di Zi No.13 and 2014 Shen Yin Qi Jian Di Zi Nos. 010 to 012), the commercial podium (Nos. 101, 201, 306, 401 and 501, Block 1, Hong Long Plaza) of the Property is subject to various mortgages in favour of China CITIC Bank Corporation Limited, Shenzhen Branch.

5. According to a Mortgage Contract provided by the Company that entered into between Sun Century Property and Dong Boran* (董博然), 3 residential units of the Property are subject to a mortgage in favour of Dong Boran* (董博然), an independent third party to the Company.
6. According to the information provided by the Company, portion of the commercial podium with a total gross floor area of approximately 37,562.06 sq.m. is subject to various tenancies with the latest expiry date at 31 August 2026 at an aggregate monthly rental of approximately RMB2,710,000 exclusive of management fee and other operating outgoings, portion of the commercial podium with a total gross floor area of approximately 26,835.07 sq.m. is vacant.
7. We have appointed Sinoappraisal Advisory Limited as our representative for site inspection, and their Lingfeng Qiu (MSc) has inspected the Property on 25 February 2021, the condition of the Property is reasonable.
8. The Property is situated at Xi Xiang Town of Baoan District, buildings in the locality are various residential/commercial buildings, schools, parks, and hospital. Shenzhen West Train Station and Shenzhen Baoan International Airport are about 20-minutes driving distance from the Property. Taxis and various bus routes are accessible to the Property.
9. The market rent of similar commercial premises in the locality as at the Valuation Date is in the range of RMB130 to RMB210 per month per sq.m. The unit rate of residential units in the locality as at the Valuation Date is in the range of RMB75,000 to RMB85,000 per sq.m.
10. According to the information provided by the Company, Sun Century Property is a wholly-owned subsidiary of the Group.
11. We have been provided with the PRC legal opinion on the Property prepared by the Company's PRC legal adviser, Shanghai Allbright Law Office Shenzhen Branch, which contains, inter alia, the following information:
 - (a) Sun Century Property is the sole owner of the commercial podium and residential units of the Property and is entitled to occupy, transfer, lease, and mortgage the units of the Property stated in Note 1;
 - (b) Apart from Notes 2 to 5, the Property is free from any mortgage, legal charges, order and other encumbrances which may cause adverse effects on the ownership of the Property; and
 - (c) The registration of the Real Estate Ownership Certificate of the basement stated in Note 2 has not applied, Sun Century Property is not entitled to transfer and mortgage the basement of the Property.
12. We have been provided with the PRC legal opinion on the Property prepared by the Company's PRC legal adviser, Guangdong Yandao Law Firm, which contains, inter alia, the following information:
 - (a) Portion of the commercial podium (No. 101, Block 1, Hong Long Plaza) of the property is subject to a court seizure commencing on 10 May 2019 and expiring on 9 May 2022. Under the order, the relevant portion of the Property is not entitled to be transferred.

VALUATION REPORT

Group II – Property interests held by the Group for sales purposes in the PRC

No.	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at Valuation Date	Indicative Value of the portion in notes 2 and 3												
2.	The unsold portion of Le Paysage (formerly known as Zirui Garden) (excluding of the carparking spaces) located at Bugouwo, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC	<p>The Property comprises an apartment unit, 17 terrace houses, 5 detached/semi-detached villas and 20 commercial units of a residential/commercial composite development completed in about 2014.</p> <p>The Property has a total gross floor area of approximately 12,644.22 sq.m. The detailed breakdowns are as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td>187.44</td> </tr> <tr> <td>Terrace Houses</td> <td>4,039.89</td> </tr> <tr> <td>Detached/Semi-detached villas</td> <td>2,567.48</td> </tr> <tr> <td>Shops</td> <td>5,849.41</td> </tr> <tr> <td>Total</td> <td>12,644.22</td> </tr> </tbody> </table>	Portion	Approximate Gross Floor Area (sq.m.)	Apartment	187.44	Terrace Houses	4,039.89	Detached/Semi-detached villas	2,567.48	Shops	5,849.41	Total	12,644.22	The Property was vacant as at the Valuation Date.	RMB772,260,000	RMB49,720,000
Portion	Approximate Gross Floor Area (sq.m.)																
Apartment	187.44																
Terrace Houses	4,039.89																
Detached/Semi-detached villas	2,567.48																
Shops	5,849.41																
Total	12,644.22																
		<p>The land use rights of the Property were granted for a term with the expiry date on 28 April 2075 for commercial and residential uses.</p>															

Notes:

1. Pursuant to 43 Shenzhen City Real Estate Ownership Certificates, the land use rights of the Property with total gross floor area of approximately 12,644.22 sq.m, were granted to Shenzhen Zirui Real Estate Development Limited* 深圳市紫瑞房地產開發有限公司 (“**Shenzhen Zirui**”) for commercial and residential uses with the expiry date on 28 April 2075. The particulars are as follows:

Property	Real Estate Ownership Certificates <i>(Document Nos.)</i>	Approximate Gross Floor Area <i>(sq.m.)</i>	Completion Date	Uses
2201, Block 10, Zirui Garden	Shen Fang Di Zi No.: 6000624659	187.44	02 January 2014	Residential
103, Block 1, Zirui Garden	Shen Fang Di Zi No.: 6000621924	237.40	02 January 2014	Residential
105, Block 1, Zirui Garden	Shen Fang Di Zi No.: 6000621779	237.42	02 January 2014	Residential
106, Block 1, Zirui Garden	Shen Fang Di Zi No.: 6000621923	237.40	02 January 2014	Residential
101, Block 3, Zirui Garden	Shen Fang Di Zi No.: 6000621915	238.39	02 January 2014	Residential
103, Block 3, Zirui Garden	Shen Fang Di Zi No.: 6000621919	237.78	02 January 2014	Residential
105, Block 3, Zirui Garden	Shen Fang Di Zi No.: 6000621906	238.39	02 January 2014	Residential
101, Block 5, Zirui Garden	Shen Fang Di Zi No.: 6000621908	238.02	02 January 2014	Residential
102, Block 5, Zirui Garden	Shen Fang Di Zi No.: 6000621917	237.40	02 January 2014	Residential
103, Block 5, Zirui Garden	Shen Fang Di Zi No.: 6000622837	237.41	02 January 2014	Residential
105, Block 5, Zirui Garden	Shen Fang Di Zi No.: 6000622834	237.41	02 January 2014	Residential
101, Block 6, Zirui Garden	Shen Fang Di Zi No.: 6000622098	238.39	02 January 2014	Residential
102, Block 6, Zirui Garden	Shen Fang Di Zi No.: 6000622842	237.78	02 January 2014	Residential
103, Block 6, Zirui Garden	Shen Fang Di Zi No.: 6000622102	237.78	02 January 2014	Residential
101, Block 12, Zirui Garden	Shen Fang Di Zi No.: 6000621920	512.96	02 January 2014	Residential
102, Block 12, Zirui Garden	Shen Fang Di Zi No.: 6000621770	512.96	02 January 2014	Residential

Property	Real Estate Ownership Certificates (Document Nos.)	Approximate Gross Floor Area (sq.m.)	Completion Date	Uses
101, Block 13, Zirui Garden	Shen Fang Di Zi No.: 6000621766	514.22	02 January 2014	Residential
103, Block 13, Zirui Garden	Shen Fang Di Zi No.: 6000621922	513.67	02 January 2014	Residential
105, Block 13, Zirui Garden	Shen Fang Di Zi No.: 6000621768	513.67	02 January 2014	Residential
103, Block 15, Zirui Garden	Shen Fang Di Zi No.: 6000623970	237.22	02 January 2014	Residential
105, Block 15, Zirui Garden	Shen Fang Di Zi No.: 6000623963	237.24	02 January 2014	Residential
106, Block 15, Zirui Garden	Shen Fang Di Zi No.: 6000623965	237.22	02 January 2014	Residential
107, Block 15, Zirui Garden	Shen Fang Di Zi No.: 6000623966	237.24	02 January 2014	Residential
101, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625706	457.80	02 January 2014	Commercial
102, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000623984	451.81	02 January 2014	Commercial
311, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625733	225.95	02 January 2014	Commercial
312, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625725	109.93	02 January 2014	Commercial
313, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625723	148.24	02 January 2014	Commercial
314, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625719	97.32	02 January 2014	Commercial
415, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625714	339.13	02 January 2014	Commercial
416, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000624005	254.76	02 January 2014	Commercial
417, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000624003	221.32	02 January 2014	Commercial
418, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000623985	221.32	02 January 2014	Commercial
419, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625704	339.13	02 January 2014	Commercial

Property	Real Estate Ownership Certificates (Document Nos.)	Approximate Gross Floor Area (sq.m.)	Completion Date	Uses
420, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625703	232.52	02 January 2014	Commercial
521, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625135	597.95	02 January 2014	Commercial
522, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625137	215.04	02 January 2014	Commercial
523, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625139	215.04	02 January 2014	Commercial
524, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625129	576.73	02 January 2014	Commercial
621, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625131	397.56	02 January 2014	Commercial
624, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625132	397.56	02 January 2014	Commercial
625, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625133	72.81	02 January 2014	Commercial
626, Block 4, Zirui Garden	Shen Fang Di Zi No.: 6000625127	277.49	02 January 2014	Commercial
Total		12,644.22		

2. According to the PRC Legal Opinion, 2 units of the Property (No. 101 and No. 314 of Block 4) are subject to court seizure commencing on 14 July 2020 and expiring on 13 July 2023. Under the order, the relevant units of the Property (“**the seized portion**”) are not entitled to be transferred. In the course of our valuation, we ascribed no market value to the seized portion that is not entitled to be transferred.

For the indicative purpose, the market value of the seized portion as at the Valuation Date is RMB25,010,000 by assuming that the seized portion is legally transferrable in the market.

3. According to the information provided by the Company, the Property comprises various units of the Property (Formerly known as No. 306 to No. 310 of Block 4) with a gross floor area of approximately 1,009.42 sq.m without Real Estate Ownership Certificates. In the course of our valuation, we ascribed no market value due to absence of the Real Estate Ownership Certificates, hence these units are not entitled to be transferred and mortgaged.

For the indicative purpose, the market value of these units as at the Valuation Date is RMB24,710,000 by assuming that these units have obtained the relevant title documents and are legally transferrable in the market.

4. According to a Business Cooperation Agreement (Document No.: Zhong Chang Zi Shen He Zi (2016) No. 0323154438) dated 20 April 2016, 22 units of the Property (No. 103, No. 105 and No. 106 of Block 1, No. 101 and No. 103 of Block 3, No. 101, No. 102, No. 103 and No. 105 of Block 5, No. 101, No. 102 and No. 103 of Block 6, No. 2201 of Block 10, No. 101 and No. 102 of Block 12, No. 101, No. 103 and No. 105 of Block 13 and No. 103, No. 105, No. 106 and No. 107 of Block 15) are subject to a mortgage in favour of Bank of Deyang Holdings Limited, Chengdu Branch for a term from 21 April 2016 to 20 October 2016 at a maximum loan amount of RMB200,000,000.

5. According to a Debt Consolidation Agreement (Document No.: Zhong Chang Zi Shen He Zi (2016) No. 1012172706) dated 14 October 2016, the mortgage stated in Note 4 is transferred to China Great Wall Asset Management Company, Shenzhen Office for a term from 21 October 2016 to 20 October 2017 at a maximum loan amount of RMB200,000,000.
6. According to a loan confirmation letter (債權債務確認書) and a confirmation of loan extension letter (債權債務展期確認書) dated 20 November 2017 and 11 October 2018 respectively, the remaining loan of the mortgage stated in Note 4 including interest was RMB172,546,577 (the “**Remaining Loan**”). The rights of the Remaining Loan is transferred to Shenzhen City Kangmao Investment Management Company Limited* (深圳市康貿投資管理有限公司) for a term from 1 November 2017 to 31 October 2019 at an annual interest of 12%.
7. According to a confirmation of loan extension letter dated 18 October 2019, the Remaining Loan stated in Note 6 including interest was RMB216,442,426, which is extended to 31 October 2022 at an annual interest of 12%.
8. According to a mortgage agreement dated 30 September 2018 entered into between Shenzhen Zirui and Dong Boran* (董博然), 20 commercial units and 1 unit of the Property (No.105 of Block 3) are subject to a mortgage in favour of Dong Boran* (董博然), an independent third party to the Company.
9. We have appointed Sinoappraisal Advisory Limited as our representative for site inspection, and their Lingfeng Qiu (MSc) has inspected the Property on 25 February 2021, the condition of the Property was reasonable.
10. The Property is situated at Buji Town, Longgang District, buildings in the locality are various residential/commercial buildings, schools and parks. Shenzhen East Train Station and Chang Long Metro Station are about 20-minutes and 15-minuted driving distance from the Property respectively. Taxis and various bus routes are accessible to the Property.
11. The unit rate of similar commercial premises in the locality as at the Valuation Date is in the range of RMB50,000 to RMB70,000 per sq.m. The unit rate of residential units (apartment) in the locality as at the Valuation Date is in the range of RMB39,000 to RMB55,000 per sq.m. The unit rate of residential units (house) in the locality as at the Valuation Date is in the range of RMB90,000 to RMB145,000 per sq.m.
12. According to the information provided by the Company, Shenzhen Zirui is a wholly-owned subsidiary of the Group.
13. We have been provided with the PRC legal opinion on the Property prepared by the Company’s PRC legal adviser, Shanghai Allbright Law Office Shenzhen Branch, which contains, inter alia, the following information:
 - (a) Shenzhen Zirui is the sole owner of the commercial podium and residential units of the Property and is entitled to occupy, transfer, lease, and mortgage the units of the Property stated in Note 1;
 - (b) Apart from Note 2 to 8, the Property is free from any mortgage, legal charges, order and other encumbrances which may cause adverse effects on the ownership of the Property; and
 - (c) The registration of the Real Estate Ownership Certificates of No. 306 to No. 310 of Block 4 have not applied, Shenzhen Zirui is entitled to occupy and lease but not entitled to transfer and mortgage those units of the Property.
14. We have been provided with the PRC legal opinion on the Property prepared by the Company’s PRC legal adviser, Guangdong Yandao Law Firm, which contains, inter alia, the following information:
 - (a) 2 units of the Property (No. 101 and No. 314 of Block 4) are subject to court seizure commencing on 14 July 2020 and expiring on 13 July 2023. Under the order, the relevant units of the Property are not entitled to be transferred.

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

Director's and chief executive's interests in the Company

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) Division 2 and 3 of Part XV of the SFO; (iii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iv) 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

- (1) 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.
- (2) 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 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.

- (3) 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).
- (4) 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.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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 had 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 had 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).

As at the Latest Practicable Date, the Group had a loan from Star Hope, a related company of the Company which is owned as to 100% by Mr. Chau, with outstanding principal amount of HK\$164,000,000. The loan was interest bearing at annual interest rate of 3.5% and shall be repayable by one year from the drawdown date.

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 2020 (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 Holdings Limited (“**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 (“**Modest Achieve**”), a wholly-owned subsidiary of the Company (as purchaser) pursuant to which Modest Achieve acquired 51% interest in MSRDC 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 Construction Corporation (“**Megaworld**”) as subscriber in relation to the conditional subscription of the 2,177,165,008 new SunTrust shares at PHP2,177,165,008 by Megaworld;
- (7) the conditional subscription agreement dated 28 October 2019 entered into between SunTrust as issuer and Aurora Securities, Inc. (“**Aurora**”) as subscriber in relation to the conditional subscription of the 272,834,992 new SunTrust shares at PHP272,834,992 by Aurora;
- (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 (“**Star Admiral**”), an indirect wholly-owned subsidiary of the Company (as lender) and Gold Yield Enterprises Limited (“**GYE**”), in which Star Admiral owns 50% equity interest (as borrower), pursuant to which Star Admiral will advance a loan of US\$17,022,500 to GYE for investment and development of an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam and engaged by GYE 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, an indirect wholly-owned subsidiary of the Company (as lender) and GYE, in which Star Admiral owns 50% equity interest (as borrower), pursuant to which Star Admiral will advance a loan of US\$17,022,500 to GYE for investment and development of an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam and engaged by GYE 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 SA Investments (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 SA Investments;
- (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 places 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, an indirect wholly-owned subsidiary of the Company (as lender) and GYE, in which Star Admiral owns 50% equity interest (as borrower), pursuant to which Star Admiral will advance a loan of US\$30,000,000 to GYE for investment and development of an integrated resort project being developed in Hoi An South, Quang Nam Province, Vietnam and engaged by GYE 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 at the consideration of US\$3,000,000 (equivalent to HK\$23,250,000) satisfied by 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 of the Summit Ascent to Sharp Way;
- (20) 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 in consideration of US\$5,382,758 (equivalent to HK\$41,716,375);
- (21) the letter of award dated 13 November 2020 issued by SunTrust to Megawide Construction Corporation (“**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 and 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 (collectively, the “**Construction Agreements**”);
- (22) the conditional subscription agreement dated 16 November 2020 entered into between ORL, SA Russia and Firich Investment Limited (“**Firich**”) as subscribers in relation to the subscription of new shares of ORL by SA Russia and Firich;
- (23) the completion agreement dated 18 November 2020 entered into between Shenzhen Sky Alliance, 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;
- (24) 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;
- (25) the Sale and Purchase Agreement;

- (26) the conditional loan agreement dated 23 February 2021 entered into between SA Investments as lender and SunTrust as borrower in relation to a loan of US\$120,000,000; and
- (27) the conditional agreement for sale and purchase dated 25 March 2021 entered into between SunTrust as Vendor and Asian E-Commerce, Inc. as purchaser in relation to the sale of 48,062,500 shares of FOPM.

7. LITIGATION

As disclosed in the annual results announcement of the Company for the year ended 31 December 2020, a subsidiary of the Group (the “**Defendant**”) was involved in the Outstanding 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 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, the Seized Premises with fair value of approximately RMB397,380,000 as at 31 December 2020 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 was held on 14 April 2021 and no judgment has been handed down as at the Latest Practicable Date. 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 Outstanding 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. EXPERTS AND CONSENTS

The following is the qualification of the experts who have been named in this circular or has given opinions, letter or advice contained in this circular:

Name	Qualification
Grant Sherman Appraisal Limited	Independent professional property valuer

As at the Latest Practicable Date, Grant Sherman Appraisal Limited had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, Grant Sherman Appraisal Limited had no interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

Grant Sherman Appraisal Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

9. 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 Day 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 paragraph 6 of this Appendix;
- (c) the written consent referred to in paragraph 8 of this Appendix;
- (d) the Sale and Purchase Agreement;
- (e) the annual results announcement of Summit Ascent dated 23 March 2021 containing the audited consolidated financial statements of Summit Ascent for the year ended 31 December 2020;

- (f) the annual reports of Summit Ascent containing the audited consolidated financial statements of Summit Ascent for the years ended 31 December 2018 and 31 December 2019;
- (g) the annual results announcement of the Company dated 29 March 2021 containing the audited consolidated financial statements of the Company for the year ended 31 December 2020;
- (h) the annual reports of the Company containing the audited consolidated financial statements of the Company for the years ended 31 December 2018 and 31 December 2019;
- (i) 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;
- (j) 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;
- (k) the circular regarding the major transaction of the Company in relation to the acquisition of interest in Summit Ascent dated 12 August 2020;
- (l) 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;
- (m) the circular regarding the major transaction of the Company in relation to the construction agreements as revised by the supplemental agreement in relation to the construction of Main Hotel Casino dated 11 February 2021; and
- (n) this circular.

10. 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 at Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman KY1-1100, 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.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the shareholders (the “**Shareholders**”) of Suncity Group Holdings Limited (the “**Company**”) will be held at Jade Room, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 18 May 2021 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 21 February 2021 and entered into between the Company as the vendor and Wit Dragon Limited as the purchaser in relation to, among others, the proposed disposal of the entire issued share capital of Access Achievement Limited (通達有限公司) by the Company to Wit Dragon Limited (a copy of which is marked “A” and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified and the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder; and

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- (b) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Sale and Purchase Agreement and the transactions contemplated thereunder as he/she may in his/her absolute discretion consider necessary, desirable or expedient to give effect to the Sale and Purchase Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its Shareholders as a whole.”

By order of the Board
SUNCITY GROUP HOLDINGS LIMITED
Chau Cheok Wa
Chairman

Hong Kong, 26 April 2021

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

Notes:

1. Any Shareholder entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a Shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined as the person so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
4. The register of members of the Company will be closed from 13 May 2021 to 18 May 2021 (both days inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. No transfer of Shares will be registered during this period. Shareholders whose name appears on the register of members of the Company on 18 May 2021 shall be entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, unregistered holders of the Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 12 May 2021.

As at the date of this notice, 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.

NOTICE OF EGM

PRECAUTIONARY MEASURES FOR THE EGM

At the time of publishing this notice the coronavirus (COVID-19) situation in Hong Kong is still developing and the situation at the time of the EGM is difficult to predict. The Company reminds attendees that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances. Furthermore, the Company would like to remind shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising their voting rights and strongly recommends shareholders to appoint the chairman of the EGM as their proxy and submit their form of proxy as early as possible.

Should the coronavirus continue to affect Hong Kong at or around the time of the EGM, the Company may implement precautionary measures at the EGM in the interests of the health and safety of the attendees of the EGM which include without limitation:

1. All attendees will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the EGM. Attendees are advised to observe good personal hygiene and maintain appropriate social distance with each other at all times when attending the EGM.
2. There will be compulsory body temperature screening for all persons before entering the EGM venue. Should anyone seeking to attend the EGM decline to submit to temperature testing or be found to be suffering from a fever with a body temperature of 37.3 degrees Celsius or above or otherwise unwell, the Company reserves the right to refuse such person's admission to the EGM.
3. Attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the EGM; (ii) he/she is subject to any HKSAR Government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the EGM venue and will not be allowed to attend the EGM.
4. Appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding.
5. Each attendee will be assigned a designated seat to facilitate contact tracing and to ensure appropriate social distancing.
6. No gifts, food or beverages will be provided at the EGM.
7. Company staff and representatives at the EGM venue will assist with crowd control and queue management to ensure appropriate social distancing.
8. Due to the constantly evolving COVID-19 pandemic situation, the Company may implement further changes and precautionary measures in relation to the EGM arrangements at short notice. Shareholders should check the Company's website.