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## **SUNCITY GROUP HOLDINGS LIMITED**

**太陽城集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1383)**

### **ISSUE OF PERPETUAL SECURITIES**

On 18 August 2020, the Company and the Subscriber, a company wholly owned by Mr. Chau (the chairman, an executive Director and the controlling shareholder of the Company) entered into the Subscription Agreement, pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, the Perpetual Securities. The First Tranche Perpetual Securities was issued on the date of the Subscription Agreement to effect repayment of a pro tanto amount of the Existing Amount Due.

As at the date of this announcement, the Subscriber is wholly owned by Mr. Chau, the chairman, an executive Director and the controlling shareholder of the Company. Accordingly, the Subscriber is a connected person of the Company and the issuance of the Perpetual Securities by the Company to the Subscriber constitutes a financial assistance by the Subscriber to the Company and a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Subscription Agreement was entered into after arm's length negotiations between the Company and the Subscriber and is on better term to the Company; and (ii) the Perpetual Securities are not secured by any assets of the Group, the issuance of the Perpetual Securities is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

## PERPETUAL SECURITIES

On 18 August 2020, the Company and the Subscriber, a company wholly owned by Mr. Chau (the chairman, an executive Director and the controlling shareholder of the Company) entered into the Subscription Agreement, pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, the Perpetual Securities. Principal terms of the Perpetual Securities are summarised below:

Aggregate Principal Amount:	Up to HK\$6,000 million.
Issue Price:	100% of the principal amount of the Perpetual Securities to be issued, payable by the Subscriber in Hong Kong dollars.
Issue Date:	(i) The First Tranche Perpetual Securities have been issued on the date of the Subscription Agreement; and  (ii) the Perpetual Securities remain unissued from time to time, in whole or in part, are to be issued after due receive of reasonable prior written notification by the Company from the Subscriber requesting for the issuance.
Form and Denomination:	In registered form and in the denomination of HK\$1,000,000 or integral multiples thereof.
Distribution Rate:	5.00% per annum.
Distribution:	Subject to the terms of the Perpetual Securities, the Perpetual Securities confer on their holder the right to receive distributions (each, a “ <b>Distribution</b> ”) at the distribution rate of 5.00% per annum on the principal amount remain outstanding under the Perpetual Securities in issue from time to time accruing from the date of their issue (or if the Perpetual Securities are not issued on the same date, from their respective dates of issue) on a daily basis and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days until the due date for redemption of the Perpetual Securities in issue.
Distribution Payment Date:	Distribution shall be paid to the holder of the Perpetual Securities on a date as may be notified by the Company to the holder in writing from time to time (“ <b>Distribution Payment Date</b> ”).

Distribution Deferral: The Company may, at its sole discretion, elect to defer the Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to a later Distribution Payment Date by giving notice to the Perpetual Securities holder of not less than five (5) Business Days prior to a scheduled Distribution Payment Date.

The Company may, at its sole discretion, elect to further defer any deferred Distribution without any limit as to the number of times of deferral.

Each amount of deferred Distribution shall bear interest as if it constituted the principal of the relevant Perpetual Securities in issue at the distribution rate of 5.00% per annum.

No obligation to pay Distributions: The Company shall have no obligation to pay any Distribution (including any deferred Distribution and the additional Distribution payable thereon) on any Distribution Payment Date and any failure to pay Distribution shall not constitute a default of the Company in respect of the Perpetual Securities.

Restrictions in case of deferral: In the event of deferral of Distributions (including any deferred Distribution and the additional Distribution payable thereon), the Company shall not and shall procure that no member of the Group shall (a) declare or pay any dividends, distributions or make any other payment on any Shares; or (b) redeem, reduce, cancel, buy-back or acquire for any consideration any Shares, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, unless and until the Company has satisfied in full all outstanding Distribution as deferred and the additional Distribution payable thereon.

No fixed redemption date: The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Company shall only have the right to redeem them in accordance with the terms of the Perpetual Securities.

A Perpetual Securities holder has no right to require redemption of any outstanding principal amount of the Securities.

Redemption at the option of the Company:	<p>The Company may at its option redeem the Perpetual Securities, in whole, or in part only, on a day (each, a “<b>Call Date</b>”) specified in a notice (“<b>Call Notice</b>”) by giving prior notice of not less than five (5) Business Days to any holder or all holders of the Perpetual Securities upon or at any time after the occurrence of any of the following:</p> <ul style="list-style-type: none"> <li>(a) a Change in Control; or</li> <li>(b) the tenth (10th) anniversary of the date of issue of the Perpetual Securities (or if the Perpetual Securities are not issued on the same date, tenth (10th) anniversary of their respective dates of issue),</li> </ul> <p>provided that in the case of a redemption in part, the aggregate principal amount of the issued Perpetual Securities to be redeemed in relation to each holder of the Perpetual Securities shall be not less than HK\$1,000,000.</p>
Status and security:	<p>The Perpetual Securities (when issued) will constitute direct, unsecured and unsubordinated obligations of the Company and will at all times rank at least <i>pari passu</i> without any preference or priority among themselves and with all other present and future unsecured and unsubordinated obligations of the Company other than those preferred by applicable law.</p>
Transferability:	<p>The Perpetual Securities may be transferred in whole or in part in accordance with the terms of the Perpetual Securities. The Company has the right to reject the registration of any transfer and registration of the transferee as holder of the Perpetual Securities to be transferred.</p>
Voting:	<p>The holder of any Perpetual Securities will not be entitled to receive notice of, attend or vote at general meetings of the Company by reason only of it being such a holder.</p>
Listing:	<p>No application will be made for the listing of the Perpetual Securities on the Stock Exchange or any other stock exchange.</p>

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AGREEMENT, ISSUE OF THE PERPETUAL SECURITIES AND USE OF PROCEEDS**

As at the date of the Subscription Agreement, the sum of outstanding loans due from the Company to the Subscriber together with interest accrued thereon amount to approximately HK\$3,887.37 million (“**Existing Amount Due**”). The First Tranche Perpetual Securities is to effect repayment of a pro tanto amount of the Existing Amount Due.

The Perpetual Securities provide a stable source of funding to support the growth of the Group as well as to cope with its development. The Subscription demonstrated Mr. Chau’s confidence in the Group going forward. The issuance of the First Tranche Perpetual Securities and the repayment of the Existing Amount Due will reduce the gearing ratio, enlarge the capital base and enhance the net asset position of the Group. Further, the Perpetual Securities remain unissued from time to time after the First Tranche Perpetual Securities will provide flexibility on the cash flow of the Group. Taking into account the aforesaid, the Board is of the view that the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and its shareholders.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Subscriber is wholly owned by Mr. Chau, the chairman, an executive Director and the controlling shareholder of the Company. Accordingly, the Subscriber is a connected person of the Company and the issuance of the Perpetual Securities by the Company to the Subscriber constitutes a financial assistance by the Subscriber to the Company and a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Subscription Agreement was entered into after arm’s length negotiations between the Company and the Subscriber and is on better term to the Company; and (ii) the Perpetual Securities are not secured by any assets of the Group, the issuance of the Perpetual Securities is fully exempt from the independent shareholders’ approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

## **DEFINITIONS**

The following expressions have the following meanings in this announcement unless the content requires otherwise:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	means a day other than a Saturday or Sunday or public holiday in Hong Kong
“Change of Control”	Mr. Chau together with his associates ceases to be interested in more than 50% of the Shares in issue of the Company
“Company”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued Shares listed on the Main Board of the Stock Exchange (stock code: 1383)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Distribution”	has the meaning defined in “Perpetual Securities – Distribution” in this announcement
“Existing Amount Due”	has the meaning defined in “Reasons for and benefits of the Subscription Agreement, issue of the Perpetual Securities and use of proceeds” in this announcement
“First Tranche Perpetual Securities”	the first tranche of the Perpetual Securities in the amount of HK\$3,887 million issued on the date of the Subscription Agreement
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chau”	Mr. Chau Cheok Wa, the chairman, an executive Director and the controlling shareholder of the Company
“Perpetual Securities”	HK\$6,000 million 5.00% perpetual securities of the Company
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company

“Subscriber”	Star Hope Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Chau
“Subscription”	the subscription of the Perpetual Securities by the Subscriber from the Company in accordance with the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 18 August 2020 entered into between the Company and the Subscriber in relation to the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 18 August 2020

*As at the date of this announcement, the executive Directors are Mr. Chau Cheok Wa, Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva; and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.*