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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)**

## **PROVISION OF PRE-OPENING SERVICES AND CASINO MANAGEMENT SERVICES TO AN INTEGRATED RESORT PROJECT IN CAMBODIA**

### **THE TECHNICAL SERVICES AGREEMENT**

On 29 September 2018, SGMC (Sihanoukville) (a wholly-owned subsidiary of the Company) and the Owner entered into the Technical Services Agreement, pursuant to which SGMC (Sihanoukville) shall provide pre-opening and technical services in relation to the Casino in the Project (an integrated resort project located in Sihanoukville Province, Cambodia) to the Owner. The Project is currently under development and is estimated to cover a gross floor area of approximately 550,000 square meters of which approximately 120,000 square meters will be allocated to the Casino. The Project will comprise the Casino, hotel accommodations, restaurants, commercial units, residential complex and sports and meeting facilities.

### **THE CASINO MANAGEMENT AGREEMENT**

On the same day, SGMC (Sihanoukville) and the Owner entered into the Casino Management Agreement, pursuant to which SGMC (Sihanoukville) shall provide to the Owner management services in relation to the Casino in the Project after its opening.

This announcement is made by the Group on a voluntary basis to keep the shareholders and potential investors informed of the latest business development of the Group.

Reference is made to the announcement of the Company dated 5 September 2018 in relation to, among other things, the entering into a legally binding strategic partnership agreement with the Owner, pursuant to which the Group will form strategic partnership including but not limited to provision of certain consultancy services to the Project.

The Board is pleased to announce that, on 29 September 2018, SGMC (Sihanoukville), a wholly-owned subsidiary of the Company, and the Owner entered into the Technical Services Agreement, pursuant to which SGMC (Sihanoukville) shall provide to the Owner pre-opening and technical services in relation to the Casino prior to its opening.

On the same day, SGMC (Sihanoukville) and the Owner entered into the Casino Management Agreement, pursuant to which SGMC (Sihanoukville) shall provide to the Owner management services in relation to the Casino after its opening.

Principal terms of the Technical Services Agreement and the Casino Management Agreement are set out below.

## **THE TECHNICAL SERVICES AGREEMENT**

### **Date**

29 September 2018

### **Parties**

- (i) SGMC (Sihanoukville), a wholly-owned subsidiary of the Company; and
- (ii) the Owner

### **Subject matters**

Pursuant to the Technical Services Agreement, SGMC (Sihanoukville) shall provide pre-opening and technical services during the planning, design, construction, fit out and pre-opening phases of the Casino, which will be managed by SGMC (Sihanoukville) in accordance with the Casino Management Agreement after the Anticipated Opening Date.

The technical services include, among other things, provision of design guidelines, advise on appointment of the professional team, assistance in the preliminary design for the Casino, approval and review of the schematic design development provided by the professional team at key stages, provision of technical services of reviewing the designs and approving drawings provided by the professional teams in relation to the construction of the integrated resort complex in the Project.

The pre-opening services includes, among other things, providing assistance to the Owner in relation to the preparation for the operation and design plan of the integrated resort complex of the Project, selection of the professional teams for the construction of the integrated resort complex and Casino, providing assistance and approving the operation and design plan of the Casino, and reviewing the timetable and budget for the development of the integrated resort complex.

## **Term**

Pursuant to the Technical Services Agreement, the initial term thereof shall be twelve months commencing from and including the Effective Date.

If however, the Casino Management Agreement is terminated in accordance with its provisions, the Technical Services Agreement shall terminate automatically on the date of the termination of the Casino Management Agreement.

## **Fees**

The Owner shall pay to SGMC (Sihanoukville) the services fee on the following basis:

- (i) the sum of US\$250,000 (equivalent to HK\$1,951,800) to be paid in advance within 15 calendar days from the Effective Date of the Technical Services Agreement;
- (ii) the sum of US\$250,000 (equivalent to HK\$1,951,800) to be paid within 15 calendar days after the Project Owner receives all the payment documents after six months from the Effective Date:

Payment documents to be provided shall include:

- (a) the SGMC (Sihanoukville)'s invoice indicating the amount payable pursuant to the Technical Services Agreement for the services rendered; and
  - (b) an acceptance certificate duly signed by the Owner and SGMC (Sihanoukville), confirming that the services were rendered; and
- (iii) thereafter, if the services are agreed by the Owner and the SGMC (Sihanoukville) to be required to be performed beyond the Term, a monthly fee of US\$41,667 (equivalent to approximately HK\$325,303) to be paid in arrears for each month.

## **THE CASINO MANAGEMENT AGREEMENT**

### **Date**

29 September 2018

### **Parties**

- (i) SGMC (Sihanoukville); and
- (ii) the Owner

### **Term**

Pursuant to the Casino Management Agreement, the term thereof shall commence from and including the date of the Casino Management Agreement to and including 31 December of the 20th full calendar year after the Anticipated Opening Date (the “**Expiration Date**”), unless otherwise extended. The operating term of the services of SGMC (Sihanoukville) under the Casino Management Agreement shall commence from the Anticipated Opening Date up to the Expiration Date (the “**Operating Term**”).

### **Subject matters**

Pursuant to the Casino Management Agreement, Owner has granted to SGMC (Sihanoukville) from the Anticipated Opening Date the exclusive right, authority and discretion during the Operating Term and any extended term, whereby SGMC (Sihanoukville) shall take, all such actions for and on behalf of Owner as are reasonably necessary or advisable to operate the Casino subject to any and all limitations as set forth under the Casino Management Agreement and at all times in accordance with the operating standards set out by SGMC (Sihanoukville), the requirements and limitations set forth in any approvals from governmental authorities in relation to the ownership and/or operation of the Casino and relevant legal requirements.

The authority granted to SGMC (Sihanoukville) includes, among other things, (i) establishing the rates for the gaming and other facilities (including the food and beverage facilities) at the Casino and the policies and procedures for the operation thereof; (ii) manage the revenue from the operation of the Casino and issue invoices and collect fees from customers or operators; (iii) purchase or rent facilities required for the operation of the Casino; (iv) performing all ordinary maintenance and repair an all such capital improvements at the expenses of the Owner; (v) preparation of the budget on the anticipated revenue, expenses and proposed expenditures the forthcoming fiscal year at least 60 calendar days before the Anticipated Opening Date and on or before 30 September of each subsequent fiscal year and delivering the same to the Owner for approval; and (vi) hiring the operating personnel of the Casino while such operating personnel shall, at the discretion of SGMC (Sihanoukville), be employees of the Owner and the personnel cost shall be paid by SGMC (Sihanoukville) on behalf of the Owner.

## **Fees**

As consideration for the management services to be provided by SGMC (Sihanoukville) under the Casino Management Agreement during the Operating Term, Owner shall pay to SGMC (Sihanoukville) the management fees as are set out below:

- (i) a monthly base management fee payable within seven calendar days after the preparation of each monthly management accounts, representing 3% of the gross gaming revenue of the Casino for the relevant month;
- (ii) an annual incentive fee payable within seven calendar days after the preparation of the financial statements for each financial year calculated as below:
  - (a) a fee equal to 5% of the Gaming EBITDA for the relevant fiscal year if the Gaming EBITDA is equal to or less than 20% of the gross gaming revenue of the Casino of the relevant fiscal year; or
  - (b) a fee equal to 6% of the Gaming EBITDA for the relevant fiscal year if the Gaming EBITDA is more than 20% of the gross gaming revenue of the Casino of the relevant fiscal year

## **Other Material Terms**

The Owner shall procure its shareholders who are interested in 5% or more of the issued share capital of the Owner to provide an undertaking to grant an option to SGMC (Sihanoukville) to purchase not more than 30% equity interest in the Owner at an equity cost basis within 36 months from the date of signing of the Casino Management Agreement.

## **INFORMATION ABOUT THE PARTIES**

### **Information of SGMC (Sihanoukville)**

SGMC (Sihanoukville) is incorporated in Macau with limited liability and is a wholly owned subsidiary of the Company. It is principally engaged in the provision of management, consultancy and support services in relation the construction and decoration process and market activities for the preparation and operation of entertainment facilities of integrated resorts.

### **Information of the Owner**

The Owner is a company registered in Cambodia and subject to further application(s), is authorised to open, including but not limited to, hotels, casino centres, duty free market and sport betting facilities in the Sihanoukville Province, Cambodia.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Owner and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **INFORMATION OF THE CASINO**

The Casino is located in the Project, which is wholly owned by the Owner. The Project is an integrated resort project located in Sihanoukville Province, an emerging seaside tourist destination in Cambodia. The Project will cover a gross floor area of approximately 550,000 square meters of which approximately 120,000 square meters will be allocated to the Casino. The Project will comprise the Casino, hotel accommodations, restaurants, commercial units, residential complex and sports and meeting facilities. The total investment of the Project is estimated to be US\$360 million and has commence construction in early 2017. It is anticipated that the Project will open in the 1st quarter in 2020.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TECHNICAL SERVICES AGREEMENT AND CASINO MANGEMENT AGREEMENT**

The Group is principally engaged in the development of residential and commercial properties as well as leasing of commercial properties in Guangdong, Liaoning and Anhui Provinces, the PRC, and providing hotel and integrated resort management and consultancy service and travel agency service.

As one of the principal activities of the Group is the provision of hotel and integrated resort management and consultancy services, the Directors believe that the entering into of the Technical Services Agreement and Casino Management Agreement will allow the Group to expand its customer base to Cambodia and at the same time enable the Group to leverage on the Boards' expertise in the gaming market.

The Company has been advised that the Technical Services Agreement, the Casino Management Agreement and the respective transactions contemplated thereunder conducted in Sihanoukville Province, Cambodia will not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

Having considered the above, the Board considers the entering into of the Technical Services Agreement and Casino Management Agreement are in the ordinary and usual course of business of the Group and the terms are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Anticipated Opening Date”	31 March 2020, or such other date as SGMC (Sihanoukville) or the Owner may agree
“Board”	the board of Directors
“Cambodia”	the Kingdom of Cambodia
“Casino”	the casino to be established under the Project
“Casino Management Agreement”	the agreement dated 29 September 2018 entered into between SGMC (Sihanoukville) and the Owner in relation to the provision of management services by SGMC (Sihanoukville) to the Owner in respect of the Casino
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	being the date of signing of the Technical Services Agreement
“Gaming EBITDA”	the gross gaming revenue derived at the Casino less the gaming operating expenses for the relevant fiscal year. The gaming operating expenses is all costs and expenses attributable to the conduct, supervision and operation of the Casino, including, among other things, gaming taxes, the base management fee pursuant to the Casino Management Agreement, all expenses for maintenance and repair of the Casino, costs for utilities consumed at the Casino, personnel costs, marketing and promotional expenses in relation to the Casino, cost of food and beverages sold or consumed (including complimentaries) in relation to the gaming operations at the Casino, but excluding certain expenses, including, among other things, gaming equipment reserves, taxes (other than betting duty); insurance fees, interest, depreciation and amortisation, fees and costs for professional services, any expenditures for capital improvements as set out under the Casino Management Agreement

“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party (ies)”	third party (ies) independent of, and not connected with, the Company and its connected persons
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Project”	an integrated resort project being developed in Sihanoukville, Cambodia
“PRC”	the People’s Republic of China
“Owner”	Golden Sun Sky Entertainment Co., Ltd, a company incorporated in Cambodia, and an Independent Third Party
“SGMC (Sihanoukville)”	Suncity Group Management and Consultancy (Sihanoukville) Limited, a company incorporated in Macau with limited liability, being a wholly-owned subsidiary of the Company
“Shares”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technical Services Agreement”	an agreement dated 29 September 2018, entered into between SGMC (Sihanoukville) and the Owner relating to the provision of pre-opening and technical services by SGMC (Sihanoukville) to the Owner in respect of the Casino prior to its opening
“US\$”	United States dollars, the lawful currency of the United States of America.
“%”	per cent.

For ease of reference, sums in HK\$ and US\$ in this announcement are translated at the rates of US\$1 = HK\$7.8072.

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

Hong Kong, 1 October 2018

*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.*