

English Excerpt on Founder Securities Research Report

Summit Ascent (00102) – Takeaway Fast-track growth backed by Suncity Group

Basic introduction on Summit Ascent:

The Company is principally engaged in the development and operation of integrated resorts, and owns 77.5% of equity interest in the casino in Russia in Vladivostok known as Tigre de Cristal. Phase 1 has started its operations since November 2015. Currently the casino is undergoing an upgrade in its facilities. Soft opening of Tigre de Cristal Phase 2 is expected by the end of 2022, whilst Phase 3 & 4 planning is underway. Besides, the Company owns an investment in convertible bonds in SunTrust, when fully diluted it will own 30% of equity interest in SunTrust. SunTrust is the operator of Westside City Project in Entertainment City, Manila, the Philippines. The soft opening of Westside City Project is expected by the end of 2022. Suncity Group Holdings Limited became the controlling shareholder of the Company in October 2020, holding an equity interest of 69.66%.

Rapid Growth is being expected in the gaming market in the Primorye Region:

Currently there are four authorized gambling zones in Russia. The gaming license granted by the Russian government lasts for an indefinite period of time. Gaming tax rate is relatively low when compared to other regions in Asia. In particular, target customers of the Company's VIP and premium mass businesses are primarily tourists coming from Northeast Asia. Mass table and slot businesses are mainly contributed by local Russians. In the past five years, the inbound visits to Primorye Region, where Tigre de Cristal is located, has reached a CAGR of over 50%, benefiting from the convenience of visa issuance procedures and increased frequency of direct flights to the region. The opening of three new Integrated resorts in the Region in the future is expected to create a gaming cluster effect, leading to a further increase in tourist visitation.

Tigre de Cristal – Short-term growth on the newly added business segments; Long-term growth on future capacity expansion:

After becoming the controlling shareholder of Summit Ascent, Suncity Group will enrich the customer portfolio of Tigre de Cristal (customers from China, Korea and Japan), and assist in the re-positioning of Tigre de Cristal leveraging Suncity Group's industry experience. Tigre de Cristal is planning to introduce a newly-added Direct VIP and Premium Mass business segment. Currently, Tigre de Cristal's junket VIP gross margin is approximately 26%, versus its newly-added Direct VIP segment gross margin of approximately 60%; On the other hand, Premium mass gross margin is close to 70%. The occupancy rate of weekday / weekend of Tigre de Cristal Phase 1 is 63%/88%, meaning that there is still room for taking in additional tourists. The soft opening of Tigre de Cristal Phase 2 is expected to be rolled out

by end of 2022, which will feature over 120 gaming tables and 600 slot machines, as well as tripling the number of hotel rooms.

Summit Ascent holds a convertible bond investment in Suntrust, high EBITDA growth potential in Westside City Project

The CAGR of gross gaming revenue (GGR) in the Philippines gaming market was 18% in the past five years. The Philippines government recognized that the gaming sector is a critical driver for the country's economic growth. Particularly, in Entertainment City, the gaming zone located in the Philippines' capital Manila, GGR generated in Entertainment City has already accounted for 67% of the entire Philippines' GGR. Currently, the Integrated resorts located within Entertainment City are City of Dreams Manila; Solaire; Okada; and, Resort World Manila. Given that Suncity Group's junket operations have already been in the Philippines market for many years through operating its own VIP rooms in those four Integrated resorts, the company is familiar with the local gaming market and has built a solid customer base. We believe that Westside City EBITDA has great growth potential after its grand opening.

Risk factors: Delayed completion of project under construction; Competition from the new opening of Integrated resorts in Primorye Region; Slow international tourism recovery due to the pandemic.

Full report is written in Chinese, please refer to the link here:

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