

Press Release

For immediate release

**SUMMIT ASCENT HOLDINGS LIMITED
REPORTS UNAUDITED INTERIM RESULTS FOR 1H 2021**

**EBITDA CONTINUED TO BE POSITIVE IN TDC
DOWNSIDE PROTECTION EFFECT APPARENT DURING COVID
TURNAROUND FROM LOSS TO PROFIT DUE TO NON-CASH GAIN**

Hong Kong, 24 August 2021 – Summit Ascent Holdings Limited (“Summit Ascent”, the “Group” or “Company”) (Hong Kong Stock Exchange code: 102) today reported selected unaudited financial data for the six months ended 30 June 2021. All amounts are expressed in HK\$ unless otherwise stated.

INTERIM 2021 UNAUDITED RESULTS HIGHLIGHTS:

Summit Ascent: Turnaround from Loss to Profit Mainly due to Fair Value Gain

- 1H 2021 Group Total Revenue of HK\$129.5 million, up 35% YoY
- 1H 2021 Profit attributable to owners of the Company was HK\$173.0 million, versus HK\$(47.0) million in 1H 2020, mainly arising from the fair value gains on investment in convertible bonds issued by SunTrust

Tigre de Cristal: An EBITDA-Positive Property Despite COVID, Thanks to Local Russian Businesses

- 1H Net Revenue from gaming operations of HK\$122.7 million, up 33% YoY
- 1H Total Gross Gaming Revenue (“GGR”) of HK\$139.1 million, up 9% YoY
- 1H Adjusted Property EBITDA of HK\$17.2 million, up 178% YoY, and up 131% versus 2H 2020
- Average hotel occupancy was 39% during weekends and 23% during weekdays in 1H 2021

Balance Sheet: Solid and Liquid Balance Sheet; Zero Gearing

- As at 30 June 2021, bank balances and cash were at HK\$635.3 million; Granted a short-term loan of US\$120 million (HK\$931.5 million) that bears 6% interest per annum to SunTrust
- The Group had no outstanding bank borrowing throughout the first half of 2021; Gearing ratio was 0%

Development Update: Tigre de Cristal Phase I Upgrade Ready; Phase II on its Way; Diversifying into the Philippines

- Tigre de Cristal Phase I upgrade ready– A brand-new Suncity Direct room, new F&B options and a new private club are now ready
- Phase II planning & design on its way – Minor delays due to COVID; Continue development works with Phase II
- Diversifying into the Philippines – Invest in one of the fastest-growing Asian gaming jurisdictions in Asia, the Philippines; Receiving 6% coupon from convertible bonds and short-term loan investment in SunTrust

Mr. Chau Cheok Wa, Chairman, said:

“We are creating the good, and sustaining the bad. Summit Ascent is a blessed company with a solid cash basis and is debt-free. Suncity brought in additional flexibility to become our company’s core mindset. We have a lot of bright ideas for growth; however, being able to sustain for now is the prerequisite to talk about tomorrow. Thanks to the solid local demand, Tigre de Cristal continues to be able generate a positive-EBITDA in the first half of 2021, even surpassing that of the second half 2020. No one knows for certain for how long the world will be disordered. Yet I am certain that even if the pandemic may last for some more time, Summit Ascent is equipped with silver bullets to survive the storm.”

Thank you to the Russian Government, our shareholders, our staff and our suppliers for your support to our company during challenging economic times.”

Market Overview

Russia

In Russia, the tourism industry was significantly impacted by the resurgence of COVID -19 pandemic in the first half of 2021. Total foreign arrivals in Primorsky region in the first quarter of 2021 decreased 71 % year-on-year to 19,788¹. Borders for international tourism remained closed, and electronic visas to Russia were still suspended. Authorities extended tightened COVID-19 countermeasures, including restrictions on mass entertainment events and limiting restaurants’ operating hours. Russia has launched its vaccination program since December 2020. Mandatory vaccination was introduced in at least 18 regions in the country for high-risk groups as virus cases surged in the first half of 2021. Russia targets herd immunity by 1 November 2021.

The Philippines

In the Philippines, international tourism has not resumed yet. Manila’s integrated resorts were required to temporarily suspend all operations in late March 2021 as the country entered another wave of COVID-19. Until late May 2021, the casinos resumed operations at limited capacity. The Philippines’ total Gross Gaming Revenue (GGR) in the first half of 2021 was PHP14.8 billion (equivalent to approximately US\$293.1 billion), down 20% year-on-year². Foreign arrivals in the first quarter of 2021 decreased 98% year-on-year to 29,383 million³. The Philippines government started its COVID-19 vaccination program in March 2021 and targets to have up to 70 million people vaccinated by 2021.

¹ Federal Security Service (FSB)

² Philippines Amusement and Gaming Corporation

³ Department of Trade and Industry, Republic of the Philippines

GROUP FINANCIAL RESULTS

Adjusted EBITDA of Tigre de Cristal

Adjusted EBITDA generated by Oriental Regent is used by management as the primary measure of operating performance of our gaming and hotel operations, which is a non-IFRS financial measure and defined by the Company as Earnings Before Interest, Income Tax, Depreciation and Amortization, and excluding Company corporate expenses and the non-cash items such as unrealised exchange differences and fair value gains or losses on financial instruments.

The Group recorded a positive Adjusted EBITDA of HK\$17.2 million in the 1H 2021, versus a negative Adjusted EBITDA of HK\$22.1 million in the 1H 2020. The following table sets forth a reconciliation of Adjusted EBITDA to the reported profit for the period attributable to owners of the Company as per the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six-month period ended 30 June 2021.

Revenue and Segment Reporting

The Group operates in only one operating and reportable segment, i.e. the gaming and hotel operations in the IEZ Primorye of the Russian Far East. Almost all non-current assets of the Group are located in the Russian Federation. Accordingly, the Group does not present separate segment information other than entity-wide disclosures.

Revenue of the Group, comprising revenue from gaming operations and hotel operations, was HK\$129.5 million in the 1H 2021, increased by 35% compared to HK\$96.0 million in the 1H 2020.

Gaming Operations

Our Gross Gaming Revenue (“GGR”), represented the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs, consisted of the following:

	1H 2021 HK\$'000	Share of GGR %	1H 2020 HK\$'000	Share of GGR %
Rolling chip business	—	-	50,008	39.3%
Mass table business	68,514	49.3%	35,697	28.1%
Electronic gaming business	<u>70,559</u>	<u>50.7%</u>	<u>41,456</u>	<u>32.6%</u>
Total GGR	<u>139,073</u>	<u>100.0%</u>	<u>127,161</u>	<u>100.0%</u>

Rolling chip business

Our rolling chip business primarily targets foreign players. The table below sets forth the key performance indicators of our rolling chip business in 2021 on a quarterly basis.

<i>(HK\$'million)</i>	Q1 2021	Q2 2021	1H 2021	1H 2020
Rolling chip volume	–	–	–	1,192
Gross win	–	–	–	50
Less: Rebate	–	–	–	(32)
Net win after rebate	–	–	–	18
Gross win rate %	–	–	–	4.19%
Daily average number of tables opened				
<i>(Note)</i>	–	–	–	14

Note: Excluding the period of suspension from 28 March to 13 April and 22 April to 30 June 2020.

Due to the COVID-19 pandemic, no rolling chip activities has been noted in the 1H 2021. Rolling chip volume (measured as the sum of all non-negotiable chips wagered and lost by players) at Tigre de Cristal was HK\$1.2 billion in the 1H 2020. Net win after all commissions rebated directly or indirectly to customers from rolling chip business was HK\$18 million in the 1H 2020. Gross win rate percentage (represented the ratio of gross win to rolling chip volume) was 4.19% in the 1H 2020.

Mass table business

Our mass table business targets both the foreign tourists and the local market. The table below sets forth the key performance indicators of our mass table business in 2021 on a quarterly basis.

<i>(HK\$'million)</i>	Q1 2021	Q2 2021	1H 2021	1H 2020
Mass table drop	123	114	237	141
Net win	24	31	55	34
Net win rate %	19.5%	27.2%	23.2%	24.1%
Daily average number of tables opened <i>(Note)</i>	24	23	24	24

Note: Excluding the period of suspension from 28 March to 13 April and 22 April to 30 June 2020.

Mass table drop (measured as the sum of gaming chips purchased or exchanged at the cages) increased by 68% to HK\$237 million in the 1H 2021, compared to HK\$141 million in the 1H 2020. Net win from mass table business increased by 62% to HK\$55 million in the 1H 2021, compared to HK\$34 million in the 1H 2020. Net win rate percentage (represented net win as a percent of mass table drop) decreased slightly from 24.1% in the 1H 2020 to 23.2% in the 1H 2021.

Electronic gaming business

Our electronic gaming business primarily targets the local Russian market. The table below sets forth the key performance indicators in 2021 on a quarterly basis.

<i>(HK\$'million)</i>	Q1 2021	Q2 2021	1H 2021	1H 2020
Electronic gaming volume	782	781	1,563	810
Net win	33	35	68	41
Net win rate %	4.2%	4.5%	4.4%	5.1%
Daily average number of electronic gaming machines deployed <i>(Note)</i>	285	297	291	304

Note: Excluding the period of suspension from 28 March to 13 April and 22 April to 30 June 2020.

Electronic gaming volume (measured as the total value of electronic gaming credits wagered by players) was HK\$1,563 million in the 1H 2021, increased by 93% compared to HK\$810 million in the 1H 2020. The electronic gaming business recorded net win of HK\$68 million, increased by 66% compared to HK\$41 million in the 1H 2020. The net win rate percentage decreased to 4.4% in the 1H 2021 from 5.1% in the 1H 2020. The average number of electronic gaming machines deployed slightly decreased by 4% to 291 units in the 1H 2021, compared to 304 units in the 1H 2020.

Hotel Operations

Revenue from hotel operations, despite largely dependent on foreign tourists, steadily increased to HK\$6.7 million in the 1H 2021 or by 82% compared to the 1H 2020. Average hotel occupancy rates increased to 39% (1H 2020: 15%) during weekends and 23% (1H 2020: 20%) during weekdays in the 1H 2021.

Development Update

Tigre de Cristal, Russia



Tigre de Cristal Phase I upgrade has already been completed, pending border reopening to fully utilise the new upgrades. A brand-new Suncity Direct room, a new authentic hotpot restaurant and a new private club are now ready.

Phase II planning and construction are well underway except minor delays due to COVID-19. When Phase I & II are both running, Tigre de Cristal will triple in its number of rooms, and double in number in its gaming facilities. Together the other integrated resorts in Primorye, they are going to form a gaming cluster known as the Primorye Entertainment Zone.

Westside City Project, Philippines



Through investing in the convertible bonds in Suntrust Home Developers, Inc. (“SunTrust”), Summit Ascent has exposure to the Westside City Project in the Philippines.

Construction works are going on at full steam in Westside City Project even though Manila was under lockdown. The construction team on the ground are working around multiple challenges due to the lockdown while they adjust the priority to deliver progress. The foundation works have been completed, cranes are now being erected and the focus is to construct the building upwards. Westside City Project is expected to be ready in 2023.

When all phases of Westside City Project are ready, it will consist of:

- Approximately 300 gaming tables
- Over 1,300 electronic gaming machines
- Over 450 five-star hotel rooms
- Approximately 1,000 car park spaces
- Pool club & leisure club etc.

Selected Major Awards

Awards	Institution
SUMMIT ASCENT HOLDINGS LIMITED	
All-Asia Executive 2021 “Honored Company” Best ESG, Ranked 3rd Buy-side & Sell-side Combined Best CEO, Ranked 3rd Sell-side Best CFO, Ranked 3rd Sell-side Best Investor Relations Company, Ranked 3rd Buy-side & Sell-side Combined Best Investor Relations Professional, Ranked 2nd Buy-side & Sell-side Combined Best Investor Relations Team, Ranked 3rd Buy-side & Sell-side Combined	Institutional Investor
TIGRE DE CRISTAL, RUSSIA	
Corporate Travel Awards 2020 (Hotel Resort of the Year)	CEO Today Magazine
Winner of the XVI Business Prize of Primorsky Krai (Company of the Year 2019)	Zolotoy Rog
Top 5 nominees of “Russia’s Leading Resort 2019”	World Travel Awards

Outlook

The COVID-19 pandemic continues to be the most prevalent uncertainty in our business operating environment. While we are being pragmatic in controlling costs across the board, we have been able to crystallise some of the temporary savings into permanent ones by improving efficiencies. We continue to remain cautiously optimistic in the long run for the Group as its long-term fundamentals remain solid and has not been affected by the pandemic.

Under the pandemic, even with zero foreign tourists, Tigre de Cristal was already able to generate a positive EBITDA merely based on local Russian mass and slots businesses, which act as downside protection for the Group. The Group has a strong balance sheet, solid cash and no debt. Unlike some gaming operators which added leverage to their balance sheets during the pandemic, we have never raised any debt to weather this storm. The cash we have on our balance sheet offers us the flexibility to develop for growth while sustaining through the pandemic.

Secondly, the Russian Federation is blessed as it has access to the self-developed vaccines, which means that as vaccination rates in the country continue to be improved, it is less likely that mandatory closure of the integrated resorts will be required again. Therefore, we believe that

the worst-case scenario affected by the pandemic has already passed, and as long as the COVID-19 situation remains under control in the Russian Federation, mandatory complete closure is relatively unlikely to happen again.

Thirdly, the hardware for our main growth drivers are ready. The brand-new Suncity Direct room and the hot pot restaurant are now fully operational in Tigre de Cristal, pending border reopening for full utilisation. In the short run, while our operating expenses can be sustained through continued operations supported by the local mass and slots businesses, growth in premium mass and Suncity Direct business will depend heavily on border policies because of the reliance on tourism in these two segments. As the world continues to fight back the virus with improving vaccination rates, it sets the scene to allow talks of border reopening between countries soon.

In addition, we are excited to observe that international flights are resuming to the Vladivostok International Airport from 2021 onwards from places such as Seoul and Tokyo. Although the number of tourists arriving at Vladivostok via these flights is low due to back-and-forth quarantine requirements, we are confident on the overall long-term appeal of the IEZ Primorye. Together with the recent and would-be openings of new integrated resorts in the IEZ Primorye, the cluster effect can draw tourists and turn the area into a leisure destination on its own. The uncertainty in land-based gaming developments in Japan also poses an opportunity for the IEZ Primorye to fill this gap as it is only a short flight away for Japanese tourists.

Finally, plans for expansion are continuing to move forward. When TdC Phase II is ready in 2023, Tigre de Cristal will triple the number of existing rooms and double the number of gaming equipment. Through the investment in the convertible bonds in the principal amount of PHP5.6 million with a 6% coupon rate issued by SunTrust (the “SunTrust CB”), which recorded significant fair value gains for the Group in the 1H 2021, the Group is diversifying into the Philippines gaming market. SunTrust is the sole and exclusive operator and manager of an integrated resort (the “Main Hotel Casino”) expected to commence operations in 2023. Leveraging on Suncity’s successful experience in the gaming industry, we are confident that both TdC Phase II and the Main Hotel Casino in the Philippines will become key growth drivers for the Group when they are both up and running.

About Summit Ascent Holdings Limited (HKEx stock code: 102)

Summit Ascent Holdings Limited (“**Summit Ascent**”) is a subsidiary of Suncity Group Holdings Limited (“**Suncity**”, HKEx: 1383). Summit Ascent holds 77.5% in Tigre de Cristal, currently the largest integrated resort located in the Primorye Integrated Entertainment Zone of the Russian Far East. Situated midway from the Vladivostok International Airport to Vladivostok city, the administrative centre of the Russian Far East, Tigre de Cristal is ideally located geographically in the heart of Northeast Asia.

Summit Ascent holds a gaming license granted by the Russian government for an indefinite period, and Tigre de Cristal has opened for business since late 2015, offering a broad range of gaming options on a 24/7 basis. Tigre de Cristal has been certified as a five-star hotel with retail offerings, food and beverage outlets, private club, and named “Russia’s Leading Resort” by World Travel Awards.

Summit Ascent is a member of the MSCI Hong Kong Micro Cap Index. For more information about Summit Ascent, please visit <https://www.saholdings.com.hk/eng/>