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Summit Ascent Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 102)

VOLUNTARY ANNOUNCEMENT

POSSIBLE CHANGES TO GAMING TAX RATES IN THE RUSSIAN FEDERATION

This announcement is made on a voluntary basis by Summit Ascent Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

Recently there have been a number of press articles reporting a potential change to the gaming tax rates applicable to casinos in the Russian Federation. The purpose of this announcement is to provide shareholders of the Company and potential investors with an update on this issue.

Background

Unlike Macau or the Philippines, gaming tax in the Russian Federation is not levied based on a percentage of gaming revenue. The Russian Federation has established a gaming tax system which is based on a fixed levy on each gaming device (i.e. a gaming table or a gaming machine) deployed in a particular calendar month in the casino. Gaming taxes are payable to the local governments. Instead of dictating a specific tax charge which has to be levied, the Tax Code of the Russian Federation stipulates a range within which local governments may choose to levy monthly tax on.

Currently, the ranges of monthly fixed levies stipulated by the Tax Code of the Russian Federation are as follows:

Each gaming table	Minimum RUB25,000	Maximum RUB125,000
Each gaming machine	Minimum RUB1,500	Maximum RUB7,500

The above tax ranges have been in place since 2004 and have not been changed over the last 13 years.

The Group operates a casino resort called Tigre de Cristal in the Primorsky Region in the Russian Far East. Currently, the monthly gaming tax rates levied by the Primorsky Government are as follows:

Each gaming table	RUB125,000 (approximately US\$2,145)
Each gaming machine	RUB7,500 (approximately US\$129)

Recent Development

The Federal Government has recently submitted a draft bill to the State Duma (*Note 1*) proposing an increase to the range of tax rates. The proposed monthly tax levies are as follows:

Each gaming table	Minimum RUB50,000	Maximum RUB250,000
Each gaming machine	Minimum RUB3,000	Maximum RUB15,000

The draft bill has gone through the First Reading by the State Duma. The Second Reading is due to be held on 10 November 2017. For a new law to be enacted in the Russian Federation, the draft bill has to pass through 3 readings in the State Duma and finally be approved and signed off by the President. Therefore, it is too early for the board of directors of the Company (the “**Board**”) to predict whether the above proposed changes will become legally enforceable.

Indications from the Primorsky Government

Management has recently been in contact with representatives from the Primorsky Government regarding the proposed tax changes. In order to attract investors to continue investing in the Primorsky Integrated Entertainment Zone, the current intention of the Primorsky Government is to propose to the local Duma (i.e. the Primorsky Krai Duma) to maintain the tax rates at existing levels (as they are within the ranges proposed in the draft bill), if the new federal law were to be enacted. However, there is no guarantee that the Primorsky Krai Duma would necessarily approve such a proposal.

Scenario Analysis

As reported in 2016 Annual Report of the Company, Tigre de Cristal generated an Adjusted EBITDA (*Note 2*) of approximately HK\$132 million (or approximately US\$17 million) for the year ended 31 December 2016. In the month of September 2017, there were 55 gaming tables and 286 gaming machines in operation at Tigre de Cristal. The monthly gaming tax payable, in accordance with the current tax legislation, was thus RUB9,020,000 (approximately US\$154,770).

The Board considers that the following three scenarios may be of relevance to shareholders of Company and potential investors.

Scenario 1 The draft bill does not become law

There will be no impact to the gaming tax payable of Tigre de Cristal.

Scenario 2 The draft bill becomes law and the Primorsky Krai Duma decides to maintain gaming tax rates at existing levels

There will be no impact to the gaming tax payable of Tigre de Cristal.

Scenario 3 The draft bill becomes law and the Primorsky Krai Duma opts to levy gaming tax at the highest possible rates permitted by the Federal Law

There will be a negative impact of approximately RUB9,020,000 (approximately US\$154,770) on the monthly gaming tax payable of Tigre de Cristal, equivalent to an annual negative impact of approximately RUB108.24 million (approximately US\$1.857 million) assuming that the same number of gaming tables and gaming machines will be in operation as in September 2017.

The Company will make further announcements to update its shareholders and potential investors of any further developments as and when appropriate.

Note 1 A Duma in the Russian language means a Legislative Assembly.

Note 2 Adjusted EBITDA is used by management of the Company as the primary measure of operating performance of our gaming and hotel operations at Tigre de Cristal. Adjusted EBITDA is defined as net income, after adjustments of management fees payable to the holding company, depreciation and amortisation, interest and taxes. Gaming tax is treated as an expense in the calculation of Adjusted EBITDA.

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rates of US\$1 = HK\$7.78 and US\$1 = RUB58.28. Percentages and figures expressed have been rounded. No representation is made that any amounts in US\$, RUB or HK\$ can be or could have been converted at the relevant dates at the above or any other rates or at all.

By Order of the Board
Summit Ascent Holdings Limited
Wang, John Peter Ben
Deputy Chairman and Executive Director

Hong Kong, 7 November 2017

As at the date of this announcement, the Board comprises Mr. Ho, Lawrence Yau Lung (Chairman), Mr. Wang, John Peter Ben# (Deputy Chairman), Mr. Eric Daniel Landheer#, Mr. Tsui Yiu Wa, Alec+, Mr. Pang Hing Chung, Alfred+ and Dr. Tyen Kan Hee, Anthony+.*

Executive Director

** Non-executive Director*

+ Independent Non-executive Director