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SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 102)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the “**Board**”) of Summit Ascent Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2019 as follows:

HIGHLIGHTS

- Profit attributable to owners of the Company recorded a significant increase to HK\$82.0 million in 2019, compared to HK\$7.6 million in 2018.
- Adjusted Property EBITDA generated by Oriental Regent Limited, a 60% owned subsidiary of the Company operating our integrated resort in the Russian Far East – Tigre de Cristal, was HK\$214.8 million in 2019, up 18% compared to HK\$181.4 million in 2018. Adjusted Property EBITDA margin also rose to 40% in 2019, versus 39% in 2018.
- The Group’s total revenue in 2019 was HK\$532.8 million, representing an increase of 15% compared to HK\$463.2 million in 2018.
- The slot business outperformed the Company’s other lines of business in 2019 and recorded revenue of HK\$185.6 million, up 30% compared to HK\$142.9 million in 2018. Rolling chip business also saw significant improvement with revenue increasing by 12% from HK\$109.5 million in 2018 to HK\$122.5 million in 2019.
- On 23 April 2019, we were informed by First Steamship Company Limited, a former substantial shareholder of the Company and Mr. Kuo Jen Hao, the then Chairman of the Company, that they had disposed of all the shares they held in the Company in an off market transaction, at the price of HK\$1.94 per share, to a wholly owned subsidiary of Suncity Group Holdings Limited, which at that time became the single-largest and a substantial shareholder of the Company.
- Among other changes at the board level in 2019, Mr. Chau Cheok Wa has been appointed as Non-executive Director and Chairman of the Company with effect from 1 June 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

		2019	2018
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from gaming and hotel operations	4	532,816	463,150
Other income	5	9,640	5,749
Other gains and losses	7	13,558	4,989
Gaming tax		(13,602)	(13,134)
Inventories consumed		(13,299)	(13,291)
Marketing and promotion expenses		(17,665)	(16,177)
Employee benefits expenses		(158,257)	(166,288)
Depreciation and amortisation		(99,278)	(115,537)
Other expenses	8	(115,249)	(108,716)
Finance costs	9	(31,701)	(36,462)
Share of losses of a joint venture		<u>–</u>	<u>(119)</u>
Profit before taxation		106,963	4,164
Income tax expense	10	<u>(112)</u>	<u>(108)</u>
Profit and total comprehensive income for the year	11	<u>106,851</u>	<u>4,056</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		81,998	7,611
Non-controlling interests		<u>24,853</u>	<u>(3,555)</u>
		<u>106,851</u>	<u>4,056</u>
		<i>HK cents</i>	<i>HK cent</i>
Earnings per share	13		
Basic		<u>5.09</u>	<u>0.51</u>
Diluted		<u>5.07</u>	<u>0.51</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>NOTES</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Property, operating right and equipment		1,408,519	1,460,566
Right-of-use assets		6,782	–
Long-term prepayments and other non-current assets		31,849	16,687
Intangible assets		420	115
		<u>1,447,570</u>	<u>1,477,368</u>
Current assets			
Inventories		3,003	2,802
Trade and other receivables	<i>14</i>	61,657	45,287
Bank balances and cash		860,698	479,822
		<u>925,358</u>	<u>527,911</u>
Current liabilities			
Contract liabilities, trade and other payables	<i>15</i>	61,557	76,266
Lease liabilities		1,966	–
Loans from non-controlling shareholders of a subsidiary		223,214	–
		<u>286,737</u>	<u>76,266</u>
Net current assets		<u>638,621</u>	<u>451,645</u>
Total assets less current liabilities		<u>2,086,191</u>	<u>1,929,013</u>
Non-current liabilities			
Loans from non-controlling shareholders of a subsidiary		–	257,892
Liabilities for value-added tax (“VAT”) arrangements		44,641	44,537
Lease liabilities		5,137	–
		<u>49,778</u>	<u>302,429</u>
Net assets		<u><u>2,036,413</u></u>	<u><u>1,626,584</u></u>

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Capital and reserves		
Share capital	45,094	37,209
Reserves	<u>1,599,294</u>	<u>1,213,456</u>
Equity attributable to owners of the Company	1,644,388	1,250,665
Non-controlling interests	<u>392,025</u>	<u>375,919</u>
Total equity	<u><u>2,036,413</u></u>	<u><u>1,626,584</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

Summit Ascent Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the “**Group**”) are the operation of hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is also the functional currency of the Company. The functional currency of G1 Entertainment Limited Liability Company, a principal subsidiary of the Group, and engaged in the gaming and hotel operations in the Russian Federation is in HK\$. This is based on the fact that the currency that mainly influences its gaming revenue is HK\$.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts and changes in accounting policies on application of HKFRS 16 Lease

The Group recognised lease liabilities of HK\$8,507,000 and the related right-of-use assets of HK\$8,507,000 at 1 January 2019 by applying HKFRS 16.C8(b)(ii) transition. When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 9.10%. The Group recognised lease liabilities of HK\$8,507,000 at 1 January 2019 which is wholly related to leases previously classified as operating leases at 31 December 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

4. REVENUE FROM GAMING AND HOTEL OPERATIONS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue from gaming and hotel operations:		
– Gaming operations	482,233	419,341
– Hotel operations	<u>50,583</u>	<u>43,809</u>
	<u><u>532,816</u></u>	<u><u>463,150</u></u>

Revenue from gaming operations represents the aggregate net difference between gaming wins and losses and is recognised at a point in time. The commissions rebated to customers related to their play are recorded as a reduction to revenue from gaming operations.

For the rooms and food and beverage, revenue is recognised when the control of goods and services is transferred, either over time or a point in time, as appropriate.

5. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank interest income	8,415	3,864
Rental income	511	837
Imputed interest income from loan to a joint venture	–	101
Others	<u>714</u>	<u>947</u>
	<u><u>9,640</u></u>	<u><u>5,749</u></u>

6. SEGMENT INFORMATION

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company's Deputy Chairman and Executive Director, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance.

The Group operates only in one operating and reportable segment, i.e. the gaming and hotel operations. Single management report for the gaming and hotel business is reviewed by the Company's Deputy Chairman and Executive Director who allocates resources and assesses performance based on the consolidated financial information for the entire business. Accordingly, the Group does not present separate segment information other than entity-wide disclosures.

During the years ended 31 December 2018 and 2019, all revenue is derived from customers patronising in the Group's property located in the Russian Federation.

7. OTHER GAINS AND LOSSES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Exchange gains, net	19,043	6,261
Reversal of (impairment losses) recognised on other receivables, deposits and prepayments	594	(442)
Gain on disposal of interest in subsidiaries	180	–
Loss on disposal/written-off of property, operating right and equipment	(6,235)	(133)
Loss on written-off of intangible assets	(24)	(38)
Loss on deemed disposal of interest in a joint venture	–	(659)
	<u>13,558</u>	<u>4,989</u>

8. OTHER EXPENSES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Travel agency expenses	18,728	13,755
Security expenses	15,806	14,939
Repair and maintenance expenses	12,815	9,078
Utilities and fuel	7,656	6,935
Motor vehicle expenses	4,559	4,205
Auditors' remuneration		
– Audit services	4,677	4,028
– Non-audit services	1,660	1,539
Insurance expenses	3,377	4,560
Overseas travel expenses	3,285	3,668
Share-based compensation benefits to consultants	–	6,797
Minimum lease payments under operating leases	–	2,802
Others	42,686	36,410
	<u>115,249</u>	<u>108,716</u>

9. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Imputed interest on loans from non-controlling shareholders of a subsidiary	26,335	30,294
Imputed interest on VAT arrangements	4,598	6,077
Interest on lease liabilities/obligations under finance leases	<u>768</u>	<u>91</u>
	<u>31,701</u>	<u>36,462</u>

10. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

The directors of the Company (“**Directors**”) considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Russian corporation tax is calculated at a rate of 20% of the estimated assessable profit for both years; however, no Russian corporation tax is levied on the Group’s gaming activities in the Russian Federation in accordance with Russian legislation.

Russian tax, currency and customs legislation are subject to varying interpretation and changes, which can occur frequently.

Management’s interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may arise. Fiscal periods remain open to be reviewed by the authorities in respect of taxes are three calendar years preceding the year of review. Under certain circumstances such review may cover longer periods.

11. PROFIT FOR THE YEAR

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' remunerations	4,537	17,891
Salaries, wages, bonus and other benefits, excluding Directors	124,103	114,769
Contributions to retirement benefits schemes, excluding Directors	29,617	26,336
Share-based compensation benefits, excluding Directors and consultants	<u>–</u>	<u>7,292</u>
Total employee benefits expenses (including Directors' emoluments)	<u>158,257</u>	<u>166,288</u>
Amortisation of intangible assets	62	62
Depreciation of property, operating right and equipment	96,858	115,475
Depreciation of right-of-use assets	<u>2,358</u>	<u>–</u>
Total depreciation and amortisation	<u>99,278</u>	<u>115,537</u>
Share-based compensation benefits to consultants	<u>–</u>	<u>6,797</u>

12. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the purposes of basic and diluted earnings per share	<u>81,998</u>	<u>7,611</u>
	Number of shares <i>(in thousands)</i>	
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,610,336	1,488,378
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	<u>7,323</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,617,659</u>	<u>1,488,378</u>

The computation of diluted earnings per share for the year ended 31 December 2018 did not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the Company's shares for the period.

14. TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	<u>8,032</u>	<u>29,852</u>
Prepayments	30,768	14,465
Other receivables and deposits (<i>Note</i>)	23,456	2,221
Less: Allowance	<u>(599)</u>	<u>(1,251)</u>
	<u>53,625</u>	<u>15,435</u>
	<u>61,657</u>	<u>45,287</u>

Note: This includes an amount due from an employee of a substantial shareholder of the Company amounting to HK\$21,003,000 (2018: HK\$Nil) and represents the sum collected from patrons on behalf of the Group. They are unsecured, interest bearing and repayable on demand.

Trade receivables mainly represent outstanding amounts pending settlements by customers which are usually repaid within 16 days (31 December 2018: 10 days) after each trip to the Group's gaming property. The Group provides short-term temporary credit to approved customers following background checks and credit risk assessments of these customers. The amount has been fully settled subsequent to 31 December 2019 and received on behalf of the Group by an employee of a substantial shareholder of the Company.

All trade receivables were aged within 30 days based on the revenue recognition date, at the end of the reporting period.

All of the Group's trade receivables as at 31 December 2019 and 31 December 2018 were within their credit terms with no default history and neither past due nor impaired.

Trade receivables from patrons as at 31 December 2019 and 31 December 2018 were assessed individually. There were no additional impairment allowance for both reporting periods. For other trade receivables, the Group assessed the expected credit losses collectively based on the provision matrix as at 31 December 2019 and 31 December 2018. No impairment allowance was provided due to the low probability of default of those receivables based on the short credit period and the fact that the customers are still active in the Group's property located in the Russian Federation.

Allowance of HK\$599,000 and HK\$1,251,000 as at 31 December 2019 and 31 December 2018 respectively represented individually impaired prepayments and other receivables that the Directors considered uncollectible.

As at 1 January 2018, trade receivables from contracts with customers amounted to HK\$27,769,000.

15. CONTRACT LIABILITIES, TRADE AND OTHER PAYABLES

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	453	233
Payable in respect of transfer of connection right to local electricity supply network	12,895	11,403
Liabilities for VAT arrangements	10,603	9,283
Outstanding gaming chips	2,078	23,980
Gaming tax payables	1,108	1,113
Accruals and other payables	34,420	30,254
	<u>61,557</u>	<u>76,266</u>

The following is an aging analysis of trade payables based on the invoice date, at the end of the reporting period:

	As at 31 December 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
Within 30 days	408	185
31–90 days	–	7
Over 90 days	<u>45</u>	<u>41</u>
	<u>453</u>	<u>233</u>

The Group mainly has two types of liabilities related to contracts with customers which are included in the above: (1) outstanding chips liabilities for gaming chips in the customers' possession amounting to HK\$2,078,000 (31 December 2018: HK\$23,980,000); and (2) loyalty programs liabilities for the revenue deferred in relation to points earned by customers under gaming revenue transactions amounting to HK\$1,403,000 (31 December 2018: HK\$1,006,000). Loyalty programs liabilities and customer deposits on hotel rooms are included in other payables above.

Outstanding gaming chips liabilities are expected to be recognised as revenue or redeemed within one year of being purchased. Loyalty programs liabilities are generally expected to be recognised as revenue within one year of being earned.

16 EVENTS AFTER REPORTING PERIOD

With effect from 20 February 2020, as part of the efforts to contain the Coronavirus Disease outbreak, the Russian government implemented a temporary entry ban for Chinese nationals, including passport holders from Hong Kong and Macau, which had an adverse impact on the Group's visitation in early 2020, particularly in the rolling chip business. The Group has developed a diverse customer base and the Directors believed that the business is not overly reliant on one feeder market or gaming segment. In addition, the winter period is historically the low season and the impact has not been as pronounced as it would have been if the crisis occurred during the peak summer months. The Directors considered that it is impossible to quantify the impact to our overall business due to factors like the length of the border closures and temporary drop in flight connectivity.

CHAIRMAN'S STATEMENT

In my inaugural statement as Chairman, I am pleased to announce that 2019 was a year of significant positive transformation for Summit Ascent Holdings Limited (the “**Company**”), as Suncity Group Holdings Limited (“**Suncity**”) became the largest shareholder of the Company, and I took the reins as Chairman and Non-executive Director of the Company. We are excited to apply our extensive experience in the rolling chip business to move up the value chain at Tigre de Cristal and have been rapidly making alterations and improvements to attract and retain our discerning clientele.

I believe that the Company fits well within Suncity's pan-Asian growth strategy and integrated resort portfolio due to its low tax regime, professional workforce, and enviable geographic location in the heart of Northeast Asia.

We are also excited to announce that the construction of our luxurious new Suncity VIP room at Tigre de Cristal is nearing completion and will welcome VIP guests soon. Later this year, we expect to add approximately 30 hotel rooms through an extension to the existing property, thereby mitigating our shortage of rooms on peak weekend times and expanding our lodging capacity by approximately 25%. In addition, a new private club, a new hot pot section in Pan-Asian restaurant, and stand-alone noodle bar are being added to the property's amenities.

We are also proud that the Company managed to post its second consecutive year of profit growth, and our majority-owned operating property maintained positive EBITDA expansion during this period of transition.

The team in Hong Kong, and at Tigre de Cristal in the Russian Federation, have continued to manage the business with a high degree of discipline and professionalism, and I would like to thank them for their contributions – especially during the first quarter of 2020 as they have continued to work diligently and implemented health and safety measures on-site to mitigate any risk arising from the Coronavirus Disease.

Last, but certainly not least, I would also like to express my appreciation for the key officials in the local and federal governments of the Russian Federation for their ongoing support as we move forward with our Phase II project that will have more than double the rooms of our existing property, world class gaming facilities, an indoor beach club and other premium dining and retail facilities.

Despite obvious short term challenges, we remain optimistic on our business prospects going forward due to the ongoing economic development and positive metamorphosis of the Primorye Integrated Entertainment Zone and the Russian Far East, our belief in the resilience of the Northeast Asian economies, and the continued support of our directors, management and staff, and our shareholders and investment partners.

Chau Cheok Wa
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The gaming and hotel operations of Summit Ascent Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are conducted through its 60% equity interest in Oriental Regent Limited (“**Oriental Regent**”). The Group also receives a management fee income calculated at 3% of the total gaming revenue, net of rebates, generated by G1 Entertainment Limited Liability Company (“**G1 Entertainment**”), a wholly-owned subsidiary of Oriental Regent.

G1 Entertainment holds a gaming license granted by the Russian government for an indefinite period and the development rights on two adjacent parcels of land, namely Lot 9 and Lot 10, in the Primorye Integrated Entertainment Zone (“**IEZ Primorye**”) of the Russian Far East, being the largest of five designated zones in the Russian Federation where gaming and casino activities are legally permitted. The first gaming and hotel property, known as Tigre de Cristal, is built on Lot 9 and opened for business in the fourth quarter of 2015. Due to the recent changes in our substantial shareholders, we are currently refining the design and construction elements of our Phase II project on Lot 10.

Tigre de Cristal is currently the only casino, hotel and entertainment destination operating in the IEZ Primorye. We continuously strive to enhance our property and the current features of Tigre de Cristal are as follows:

- Approximately 36,000 square meters of gaming and hotel space, offering a broad range of gaming options 24 hours a day, 7 days a week, 365 days a year;
- The finest luxury hotel in the Russian Far East with 121 rooms and suites;
- Casual and fine dining in 2 restaurants and 3 bars;
- Virtual golf zone, and a soon to be opened private club with karaoke rooms;
- A convenience store and a Tigre de Cristal branded shop; and
- A high-end diamond and luxury watch boutique “DOMINO” and a Montblanc outlet.

Additional amenities to be added later this year include a hotel extension with 30 new rooms, new VIP gaming rooms, a stand-alone noodle bar, and a new hot pot section in our existing Pan-Asian restaurant.

Since October 2017, Tigre de Cristal has been certified as a 5-star hotel. The property was also named “Russia’s Leading Resort 2018” at the Europe Gala Ceremony 2018 and one of the Top 5 nominees of “Russia’s Leading Resort 2019” organized by World Travel Awards.

Change of Substantial Shareholder

On 23 April 2019, we were informed by First Steamship Company Limited, a former substantial shareholder of the Company and Mr. Kuo Jen Hao (“**Mr. Kuo**”), then Chairman of the Company, that they had disposed of all the shares they held in the Company in an off market transaction, at the price of HK\$1.94 per share, to a wholly owned subsidiary of Suncity Group Holdings Limited (“**Suncity**”), which at that time became the single-largest and a substantial shareholder of the Company.

Changes of Directors

During the year of 2019, we have the following changes to the Company’s board of directors (the “**Board**” or the “**Directors**”) of the Company:

- Mr. Chau Cheok Wa (“**Mr. Chau**”), currently the chairman, executive director and controlling shareholder of Suncity and also the founder and chairman of the Suncity Group (the “**Suncity Group**”) which is one of Asia’s leading VIP services and entertainment conglomerates, has been appointed as Non-executive Director and Chairman of the Board with effect from 1 June 2019;
- Mr. Lo Kai Bong (“**Mr. Lo**”), currently an executive director of Suncity and the chief investment officer of the Suncity Group, was re-designated from Non-executive Director to Executive Director and appointed as Deputy Chairman of the Board on 26 April 2019;
- Mr. Chiu King Yan, currently the chief financial officer of Suncity, was appointed as Executive Director on 26 April 2019;
- Mr. Wong Pak Ling Philip, currently the chief financial officer of the Suncity Group, has been appointed as Non-executive Director with effect from 1 June 2019;
- Mr. Lam Kwan Sing has been appointed as Independent Non-executive Director with effect from 14 June 2019; and
- Mr. Wang, John Peter Ben (“**Mr. Wang**”), Mr. Kuo and Mr. Gerard Joseph McMahon stepped down as Executive Director and Deputy Chairman, Non-executive Director and Chairman, and Independent Non-executive Director on 12 April 2019, 26 April 2019, and 14 June 2019 respectively.

FINANCIAL REVIEW

Segment Information

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

Adjusted Property EBITDA of Tigre de Cristal

Adjusted Property EBITDA generated by Oriental Regent Limited, a 60% owned subsidiary of the Company operating our integrated resort in the Russian Far East, Tigre de Cristal, is used by management as the primary measure of operating performance of our gaming and hotel operations. Adjusted Property EBITDA, which is a non-IFRS financial measure and defined as net income before management fee payable to the Company, company corporate expenses, unrealized exchange differences, interest, taxes, depreciation and amortisation, and share-based compensation benefits, was HK\$214.8 million in 2019, up 18% compared to HK\$181.4 million in 2018.

Adjusted Property EBITDA margin (represented the ratio of Adjusted Property EBITDA to total revenue) also jumped to 40% in 2019, versus 39% in 2018 – demonstrating that the operating expenses of the Company have remained relatively constant despite ongoing growth in revenues.

The following table sets forth a reconciliation of Adjusted Property EBITDA to the reported profit for the year attributable to owners of the Company as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019.

Reconciliation of Adjusted Property EBITDA to the profit for the year ended 31 December 2019 attributable to owners of the Company

	2019	2018
	HK\$'000	HK\$'000
Gross revenue from rolling chip business	441,260	484,385
Less: Rebates	(318,800)	(374,850)
Revenue from rolling chip business	122,460	109,535
Revenue from mass table business	174,140	166,917
Revenue from slot business	185,633	142,889
Net revenue from gaming operations	482,233	419,341
Revenue from hotel operations	50,583	43,809
Total revenue from gaming and hotel operations	532,816	463,150
Add: Other income	1,225	1,784
Less: Other gains and losses	(5,489)	(171)
Gaming tax	(13,602)	(13,134)
Inventories consumed	(13,299)	(13,291)
Marketing and promotion expenses	(17,665)	(16,177)
Employee benefits expenses	(147,777)	(135,605)
Other expenses	(121,365)	(105,188)
Adjusted Property EBITDA of Tigre de Cristal	214,844	181,368
Add: Management fee payable to the Company	14,962	12,914
Less: Company corporate expenses	(19,502)	(17,950)
	210,304	176,332
Add: Bank interest income	8,415	3,864
Less: Interest on lease liabilities/obligations under finance leases	(768)	(91)
Income tax expense	(112)	(108)
	217,839	179,997

	2019	2018
	HK\$'000	HK\$'000
<i>Non-cash items:</i>		
Add: Net exchange gains	19,043	6,261
Imputed interest income from loan to a joint venture	–	101
Less: Depreciation and amortisation	(99,278)	(115,537)
Imputed interest expenses	(30,933)	(36,371)
Gain on disposal of interest in subsidiaries	180	–
Loss on deemed disposal of interest in a joint venture	–	(659)
Share-based compensation benefits	–	(29,175)
Share of losses of a joint venture	–	(119)
 <i>Non-recurring write-offs relating to construction</i>	 –	 (442)
 Profit for the year of the Group	 106,851	 4,056
Less: (Profit) loss for the year attributable to non-controlling interest	 (24,853)	 3,555
 Profit for the year attributable to owners of the Company	 <u>81,998</u>	 <u>7,611</u>

Operating Revenues of the Group

Total revenue of the Group in 2019 was HK\$532.8 million, representing an increase of 15% compared to the corresponding year in 2018.

Gaming Revenues

Gaming revenue of Tigre de Cristal, which comprises three main sources, namely the rolling chip business, mass table business and slot business, increased to HK\$482.2 million, compared to HK\$419.3 million in 2018, and such improvement is primarily benefited from the rebound in rolling chip business and growth in slot business versus last year.

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 2019.

<i>(HK\$'million)</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY2019	FY2018
Rolling chip turnover	4,471	3,889	3,885	2,970	15,215	15,562
Gross win	155	101	109	76	441	484
Less: Rebate	(115)	(72)	(79)	(53)	(319)	(375)
Net win after rebate	40	29	30	23	122	109
Gross win %	3.47%	2.60%	2.81%	2.56%	2.90%	3.11%
Daily average number of tables opened	21	22	23	22	22	14

Rolling chip turnover (measured as the sum of all non-negotiable chips wagered and lost by players) at Tigre de Cristal in 2019 was HK\$15.2 billion, representing a decrease of 2% compared to the corresponding year in 2018. Net win after all commissions rebated directly or indirectly to customers from rolling chip business increased by 12% to HK\$122 million in 2019. Gross win percentage (represented the ratio of gross win to rolling chip turnover) decreased slightly from 3.11% in 2018 to 2.90% in 2019.

Since 23 April 2019, Suncity has become the substantial shareholder of the Company and, together with the subsequent changes at the Board level of the Company, we believe our cooperation with the Suncity Group will continue to grow in scope and scale. In addition, Tigre de Cristal fits into the strategic roadmap of the Suncity Group to provide a diversified portfolio of gaming options for its players around the world. The comparatively low gaming tax rate in the Russian Federation enables our majority-owned subsidiary to pay attractive rebates while maintaining solid margins, and Suncity, as the single-largest shareholder of the Company, captures virtually all the additional economics by using the equity method of accounting to share in the results of the Group. We will continue to enhance the non-gaming offerings at Tigre de Cristal in order to further attract player volumes and drive higher value rolling chip business to the property.

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 2019.

<i>(HK\$'million)</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY2019	FY2018
Total table drop	171	179	191	210	751	700
Table net win	41	36	48	49	174	167
Hold %	24.0%	20.1%	25.1%	23.3%	23.2%	23.9%
Daily average number of tables opened	26	27	27	27	27	21

Total table drop (measured as the sum of gaming chips purchased or exchanged at the cage) increased by 7% to HK\$751 million in 2019. Table net win from mass table business increased by 4% to HK\$174 million in 2019. Hold percentage (represented table net win as a percent of table drop) decreased slightly from 23.9% in 2018 to 23.2% in 2019.

Slot business

Our slot business primarily targets the local Russian market. The table below sets forth the key performance indicators in 2019.

<i>(HK\$'million)</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY2019	FY2018
Total slot handle	826	819	799	960	3,404	2,859
Slot net win	42	49	46	49	186	143
Hold %	5.1%	6.0%	5.8%	5.1%	5.5%	5.0%
Daily average number of slots deployed	325	357	329	332	336	310

The slot business outperformed the Company's other lines of business in 2019 and recorded revenue of HK\$185.6 million, up 30% compared to HK\$142.9 million in 2018. The increase was principally due to the continuous growth in slot handle by 19% to HK\$3.4 billion in 2019, compared to HK\$2.9 billion in the corresponding year in 2018. The average hold percentage also increased to 5.5% in 2019 from 5.0% in the corresponding year of 2018. The average number of slots deployed increased by 8% to 336 in 2019.

Non-gaming Revenues

Revenue from hotel operations, which is largely dependent on foreign guests, increased to HK\$50.6 million or by 15% compared to the corresponding year in 2018. Average hotel occupancy rates were maintained at 88% (2018: 84%) during weekends and 63% (2018: 55%) during weekdays in 2019.

Operating Expenses of the Group

The Group continued to maintain stringent cost controls and streamline our operations during the year. Total operating costs, including inventories consumed, marketing and promotion expenses, employee benefits expenses and other expenses but excluding non-cash items like depreciation and amortization, were HK\$300.1 million in 2019, an increase of HK\$29.8 million or 11% compared to the corresponding year in 2018.

Depreciation and Amortisation

Depreciation and amortisation of the Group decreased by 14% to HK\$99.3 million in 2019 as compared to HK\$115.5 million for the corresponding year in 2018. The decrease was primarily due to some assets, which were depreciated over a three-year time period, having become fully depreciated as Tigre de Cristal has been operating for more than three years.

Finance Costs

Finance costs of the Group were HK\$31.7 million in 2019, a decrease of 13% compared to HK\$36.5 million for the corresponding year in 2018. These costs were primarily comprised non-cash imputed interest by applying the effective notional interest rate on the interest-free loans payable to non-controlling shareholders of Oriental Regent. The decrease in imputed interest was due to the continuous repayments to the shareholders of Oriental Regent by using internally generated cash flows.

Share-based Compensation Benefits

During the year 2019, no share options were granted and hence no share-based compensation benefits were incurred (2018: HK\$29.2 million).

Gaming Tax

Unlike in Macau and most other jurisdictions in Asia, gaming tax in the Russian Federation is not levied on a percentage of gaming revenue. The Russian Federation has established a gaming tax regime which is based on a fixed levy on each gaming table and gaming machine deployed in a particular calendar month in the casino. Gaming taxes are payable to the local governments, who can set their own tax rate based on a range stipulated by the Tax Code of the Russian Federation as follows:

Since 2004 up to 31 December 2017:

	Minimum (RUB)	Maximum (RUB)
Each gaming table	25,000	125,000
Each gaming machine	1,500	7,500

Effective from 1 January 2018:

	Minimum (RUB)	Maximum (RUB)
Each gaming table	50,000	250,000
Each gaming machine	3,000	15,000

On 28 February 2018, the local parliament of Primorsky Krai voted overwhelmingly to maintain the gaming tax rates at existing levels as they are within the ranges stipulated by the new federal law enacted on 27 November 2017. Accordingly, no changes in gaming tax rates have been applied to Tigre de Cristal since its opening in 2015.

For the year ended 31 December 2019, the monthly rates per gaming table and per gaming machine applicable to the Group were RUB125,000 and RUB7,500 respectively, resulting in total gaming tax of approximately HK\$13.6 million (2018: HK\$13.1 million) which corresponded to 3% of the Group's net gaming revenue for the year of 2019 (2018: 3%).

Income Tax Expense

No provision for taxation in Hong Kong has been made as the Group has no assessable profit for the year. As at 31 December 2019, the Group had unused tax losses of HK\$30.1 million (31 December 2018: HK\$25.1 million) available under Hong Kong Profits Tax for offset against future profits.

G1 Entertainment has an exemption from the Russian corporate tax on profit generated from gaming operations. As for non-gaming revenues, the Group's subsidiaries in the Russian Federation are subject to the Russian corporate tax rate which currently stands at 20%.

At at 31 December 2019, the Group had unused tax losses of HK\$522 million (31 December 2018: HK\$473 million) available under Russian corporate tax and all losses may be carried forward indefinitely. The Group believes that these unrecognized tax losses are adequate to offset any adjustments related to uncertain tax matters that might be proposed by the Russian tax authorities.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company was HK\$82.0 million in the year of 2019, compared to HK\$7.6 million in the corresponding year of 2018.

Liquidity, Financial Resources and Capital Structure

The Group continues to maintain a strong financial position and finances its business operations with internal resources and cash revenues generated from operating activities. As at 31 December 2019, total equity attributable to the owners of the Company was HK\$1,644.4 million (31 December 2018: HK\$1,250.7 million).

The Group had no outstanding external borrowings throughout the year ended 31 December 2019 (31 December 2018: Nil). Thus, the gearing ratio, expressed as a percentage of total borrowings divided by total assets, was zero percent as at 31 December 2019 (31 December 2018: 0%).

The Group remains conservative in its working capital management. As at 31 December 2019, net current assets of the Group were HK\$638.6 million (31 December 2018: HK\$451.6 million) and bank balances and cash were HK\$860.7 million (31 December 2018: HK\$479.8 million), of which 31.0% was denominated in United States dollar, 58.7% in Hong Kong dollar, and 10.3% in Russian ruble. The majority of our cash equivalents at 31 December 2019 was in fixed deposits with a maturity of three months or less generally. The increase in bank balances and cash was mainly due to the net proceeds received from the issuance of 300,000,000 ordinary shares of the Company (the "**Placing Share**") at a price of HK\$1.01 per Placing Share pursuant to the general mandate granted to the Directors at the 2019 annual general meeting of the Company (the "**Share Placement**"), details of which are set out in the Company's announcements dated 25 July 2019 and 19 August 2019. The Company intends to utilise the net proceeds from the Share Placement to further develop the hotel and gaming business in IEZ Primorye.

The following table sets forth a summary of our cash flows for the year of 2019:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	215,526	195,536
Net cash used in investing activities	(67,271)	(34,564)
Net cash from (used in) financing activities	237,344	(69,759)
Net increase in cash and cash equivalents	385,599	91,213
Cash and cash equivalents at 1 January	479,822	400,208
Effect of foreign exchange rate changes	(4,723)	(11,599)
Cash and cash equivalents at 31 December	<u>860,698</u>	<u>479,822</u>

Net cash from operating activities of HK\$215.5 million and HK\$195.5 million for the years ended 31 December 2019 and 2018 respectively, represented the positive operating cash flows generated by the gaming and hotel operations of Tigre de Cristal.

Net cash used in investing activities of HK\$67.3 million for the year ended 31 December 2019 was mainly due to additions for equipment of HK\$48.4 million, deposit paid for purchase of property, operating right and equipment of HK\$18.3 million and the return of HK\$9.9 million of VAT refunded under VAT arrangements to the tax authority of the Russian Federation.

Net cash from financing activities of HK\$237.3 million for the year ended 31 December 2019 represented primarily the net proceeds from the Share Placement of HK\$296.6 million, partially net off with early repayment of the interest-free loans from non-controlling shareholders of Oriental Regent of HK\$71.6 million. Net cash used in financing activities of HK\$69.8 million for the year ended 31 December 2018 represented primarily early repayment of the interest-free loans from non-controlling shareholders of Oriental Regent of HK\$68.5 million.

Anti-money Laundering Policy

Tigre de Cristal is governed by the Russian Federal Law No. 115-FZ of 7 August 2001 “On Combating Money Laundering And Terrorist Financing” (the “**Russian AML/CFT Law**”), which is aimed at protecting the rights and lawful interests of citizens, society and the state by means of building up legal mechanism to counter money laundering and terrorist financing. According to the Financial Action Task Force’s Fourth Round of AML/CFT Mutual Evaluations Report of the Russian Federation published in December 2019, Russian authorities have an in-depth understanding of the country’s money laundering and terrorist financing risks and a robust legal framework for combating terrorist financing, which is largely in line with international standards. Also, the Russian Federation has improved its legal framework and operational approach to enhance transparency of legal persons, which makes it more difficult to misuse a legal person established in the Russian Federation.

Alongside banks, insurance companies and others, Tigre de Cristal is considered as one of the “organisations carrying out operations in monetary funds or other assets” and is regulated under the Russian AML/CFT Law. The Federal Tax Service of Russia is responsible for the AML/CFT supervision of casinos. Tigre de Cristal must undertake certain anti-money laundering procedures, including mandatory review of payouts of more than RUB600,000 (equivalent to approximately HK\$68,000) in value and the filing of reports with the Federal Financial Monitoring Services of the Russian Federation, also known as Rosfinmonitoring, which is directly under the authority of the President of the Russian Federation and aimed to collect and analyze information about financial transactions in order to combat domestic and international money laundering, terrorist financing, and other financial crimes. Furthermore, Tigre de Cristal has adopted its own anti-money laundering and combating financing of terrorism policies in accordance with the provisions of the Russian AML/CFT Law and the key components include: internal control systems; a special officer to oversee the daily compliance; client identification and screening; and reporting unusual transactions subject to mandatory requirements.

Charge on Assets

None of the Group’s assets were pledged or otherwise encumbered as at 31 December 2019 and 31 December 2018.

Exposure to Fluctuations in Exchange Rates

The functional currency of the Company is Hong Kong dollar and the consolidated financial statements of the Group are presented in Hong Kong dollars.

For financial reporting purposes, the consolidated financial statements of the Group incorporate the financial statements of its subsidiaries. The income and expenses, and the assets and liabilities of subsidiaries which stated in currencies other than its functional currency are converted into Hong Kong dollars. The Group's equity position reflects changes in book values caused by exchange rates. Hence, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on results, and assets and liabilities of the Group. As these fluctuations do not necessarily affect future cash flows, the Group does not hedge against exchange rate translation risk.

On the other hand, revenues from mass table business and slot business are denominated in Russian rubles. The risk of Russian ruble fluctuation impacting the results of the Group is substantially mitigated by a natural hedge in matching our operating costs, incurred by subsidiaries in the Russian Federation, denominated in the same currency.

Capital Commitment

The Group's capital commitment as at 31 December 2019 amounted to approximately HK\$23,729,000 for maintenance, improvement and refurbishment works of Tigre de Cristal (31 December 2018: HK\$1,776,000).

Contingent Liabilities

There were no contingent liabilities as at 31 December 2019 and 31 December 2018.

Employees

As at 31 December 2019, total number of employees employed by the Group was 1,139 (31 December 2018: 1,050). Currently, more than 97% of our full-time employees are local Russian citizens (31 December 2018: 97%). The Group continues to provide remuneration packages and training programs to employees in line with prevailing market practices. In addition to the contributions to employees' provident fund and medical insurance programs, the Company has a share option program in place and occasionally may grant shares options to directors, employees and consultants of the Group as incentives.

Outlook

The Group continues its positive transformation since Suncity became the single-largest and a substantial shareholder in April 2019. The Group, together with its majority-owned subsidiary Tigre de Cristal, continued to grow its profit and EBITDA on a year-over-year basis.

In addition, the Group continued to execute on several initiatives during 2019 – most notably significant progress has been made in the expansion and refinement of the customer offerings at Tigre de Cristal. The completion of these enhancements has been inevitably slowed by the delays in deliveries of materials and other logistical constraints effected by the recent Coronavirus Disease outbreak.

Current status of the property enhancements is detailed below:

- Suncity VIP Salon. The luxurious new VIP room has been slightly delayed but is nearing completion and will welcome its first VIP customers once travel connectivity returns to normalcy. With this addition to our gaming offering, we expect to more than double our number of VIP gaming tables and we now target an opening of this VIP room in 1H2020.
- A separate hot pot section in the rear of our existing Pan-Asian restaurant, and a large private club located on the lower level of the property are nearing completion, but they have been delayed due to the unavoidable logistical issues mentioned above. Both amenities are expected to be operational in 1H2020.
- A 30-room extension to our existing hotel and a stand-alone noodle bar on the main gaming floor are both expected to be completed and operating later in 2020.

Going forward, the Group expects the following factors to drive our growth:

- More operators expected. In addition to the new VIP room referenced above, we expect to invite more traditional VIP operators to the property and believe that they will follow Suncity's lead into the Russian market. This is in line with our strategy to move up the VIP value chain.
- The "Cluster Effect". Two other casino operators in the IEZ Primorye continue to develop their properties. We expect the smaller of the two to open for business in 2020 and the other in 2021 or 2022. We believe that more lodging, gaming choices, and amenities in the zone will increase the draw for both VIP and mass customers.

- Phase II. We have reviewed and are finalizing conceptual designs, and are targeting an opening of our next property in the IEZ Primorye in 2022. This new integrated resort is expected to double our VIP and mass gaming tables, slots, and have at least twice the lodging capacity of our first property. Our plans include four restaurants and bars, additional retail offerings, and an indoor beach club and spa.
- The Group continues to enjoy a constructive dialogue and relationship with relevant Russian officials at the provincial and national levels and we do not expect adverse changes in legislation for the foreseeable future.

Effective from 20 February 2020, as part of the efforts to contain the Coronavirus Disease outbreak, the Russian government implemented a temporary entry ban for Chinese nationals, including passport holders from Hong Kong and Macau, which understandably had an adverse impact on our visitation to start 2020 and a negative impact on our rolling chip business in particular. Having said that, the company has developed a diverse customer base and is not overly reliant on one feeder market or gaming segment. In addition, the winter period is historically our low season and the impact has not been as pronounced as it would have been if the crisis occurred in the Company's peak summer months. While it is still impossible to quantify the impact to our overall business due to factors like the length of the border closures and temporary drop in flight connectivity, we anticipate a quick rebound once we move past this challenging period.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Friday, 29 May 2020. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 26 May 2020 to Friday, 29 May 2020 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 May 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) throughout the year ended 31 December 2019.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly stated and set out in writing. However, due to the change of chairman and deputy chairman of the Company as mentioned below, there was no separation of the roles of chairman and chief executive as well as no written guideline setting out the responsibilities between the chairman and chief executive during the corresponding transitional period from 12 April 2019 to 31 May 2019.

Mr. Kuo resigned as Chairman on 26 April 2019 and Mr. Chau was appointed as Chairman with effect from 1 June 2019. Mr. Wang, then Deputy Chairman, who was performing the role of Chief Executive Officer resigned on 12 April 2019, and Mr. Lo was appointed as Deputy Chairman to perform the role of Chief Executive Officer with effect from 26 April 2019. Subsequent to the appointments of Mr. Lo and Mr. Chau as the Deputy Chairman and Chairman, the abovementioned deviation was rectified.

The Company sets up the following board committees to ensure maintenance of a high corporate governance standard:

- a. Audit Committee;
- b. Remuneration Committee;
- c. Nomination Committee; and
- d. Corporate Governance Committee.

Terms of reference of the aforesaid committees have been posted on the Company's website (www.saholdings.com.hk) under the “Corporate Governance” section and the Stock Exchange's website (www.hkexnews.hk).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

The Company has adopted its own code for dealing in the Company's securities by Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "**Code of Securities Dealings**") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**"). We have received confirmation from all Directors that they have complied with the required standards set out in the Model Code and the Code of Securities Dealings throughout the year ended 31 December 2019.

AUDIT COMMITTEE

The Company's Audit Committee is currently composed of three Independent Non-executive Directors. The Committee met three times during the financial year. The primary duties of the Audit Committee are (i) to review the Group's annual reports, interim reports and financial statements of the Group and to provide advice and comments thereon to the Board; (ii) to review and supervise the Group's financial reporting process; and (iii) to oversee the Group's risk management and internal control systems.

The Group's annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee and audited by the independent auditor of the Group, Messrs. Deloitte Touche Tohmatsu.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the Company's website (www.saholdings.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The 2019 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

BOARD OF DIRECTORS

As at the date of this announcement, the Company's Executive Directors are Mr. Lo Kai Bong (Deputy Chairman), Mr. Eric Daniel Landheer and Mr. Chiu King Yan, the Non-executive Directors are Mr. Chau Cheok Wa (Chairman), Mr. Wong Pak Ling Philip and Dr. U Chio Jeong, and the Independent Non-executive Directors are Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung.

By Order of the Board of
Summit Ascent Holdings Limited
Chau Cheok Wa
Chairman

Hong Kong, 23 March 2020