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SUMMIT ASCENT
凱升控股有限公司 Holdings Limited

**SUMMIT ASCENT
HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 102)

**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)

**DISCLOSEABLE TRANSACTIONS:
ACQUISITION OF FURTHER INTEREST IN ORL**

ORL SHARES ACQUISITIONS

SA Russia, which has been a shareholder of ORL since 2013 holding 60% interest in ORL as at the date of this announcement, has on 30 October 2020 entered into the ORL Shares Acquisition Agreements to acquire an aggregate of a further 7.5% interest in ORL as disclosed in this announcement. Each of the counterparties to the ORL Shares Acquisition Agreements and its ultimate beneficial owner is an Independent Third Party.

Each of the ORL Shares Acquisition Agreements is conditional upon fulfilment of the conditions precedent as disclosed in this announcement. Completion of each of the ORL Shares Acquisition Agreements is not inter-conditional.

The consideration payable by SA Russia to Joyful as vendor for the 5% ORL Shares Acquisition in the amount of US\$5,382,758 shall be settled in cash upon completion.

The consideration payable by SA Russia to Sharp Way as vendor for the 2.5% ORL Shares Acquisition in the amount of US\$3,000,000 shall be settled in full by the Consideration CBs to be issued by Summit Ascent upon completion. The Consideration CBs are convertible to Conversion Shares at the initial Conversion Price of HK\$3.5 per Conversion Share (subject to adjustment in the event of consolidation, reclassification or subdivision of SA Shares).

The Conversion Shares issuable upon conversion of the Consideration CBs will be allotted and issued under the General Mandate and, as such, no SA Shareholders' approval is required for the issue of the Consideration CBs.

REASON FOR, AND BENEFITS OF, THE ORL SHARES ACQUISITIONS

ORL intends to raise additional capital for the Project to the extent of US\$65,000,000 from all its shareholders in proportion to their respective shareholdings in ORL in the form of equity in ORL to be subscribed by them. Joyful and Sharp Way, two of the shareholders of ORL holding in aggregate 7.5% interest in ORL, do not intend to provide their respective shares of equity funding to ORL and agreed to sell their respective entire interests in ORL together with their respective shareholder loans to SA Russia under the ORL Shares Acquisitions.

IMPLICATIONS OF THE LISTING RULES

The ORL Shares Acquisitions

Pursuant to Rule 14.22, the ORL Shares Acquisitions have to be aggregated on the Aggregation Basis when determining their classification under Chapter 14.

As some of the applicable percentage ratios in respect of the ORL Shares Acquisitions on the Aggregation Basis exceeds 5% but is less than 25%, each of the ORL Shares Acquisitions constitutes a discloseable transaction for each of Summit Ascent and Suncity under Chapter 14 and is subject to the announcement requirement under Chapter 14.

Deemed disposal under Chapter 14

Assuming (a) full conversion of the Consideration CBs at the initial Conversion Price of HK\$3.5 upon exercise of the Conversion Rights attaching to the Consideration CBs and (b) there is no other change to the share capital and shareholding structure of Summit Ascent other than the issue of the Conversion Shares from the date of this announcement to the time of full conversion of the Consideration CBs, Suncity's interest in Summit Ascent will be diluted from the current interest of approximately 69.66% to approximately 69.56% upon issuance of the 6,642,857 Conversion Shares, representing a dilution of approximately 0.1% of Suncity's interest in Summit Ascent.

The dilution will constitute a deemed disposal for Suncity under Chapter 14. As all the applicable percentage ratios in respect of such deemed disposal is less than 5%, the deemed disposal is not subject to any reporting, announcement or shareholders' approval of Suncity under Chapter 14.

PROPOSED NEW ISSUE

For the purpose of providing the additional capital for the Project to the extent of US\$65,000,000, ORL wishes to implement the Proposed New Issue to raise the funding required from its shareholders in proportion to their respective shareholdings in ORL in the form of equity in ORL (i.e. by subscribing for new ORL Shares under the Proposed New Issue). As at the date of this announcement, the parties to the Proposed New Issue and terms and conditions of the Proposed New Issue are in the course of discussion and negotiation, have not yet been finalised and no legally binding subscription agreement in respect of the Proposed New Issue has been signed.

Apart from providing its share of funding in proportion to its shareholding in ORL by subscribing for new ORL Shares under the Proposed New Issue if it is proceeded with, in case any of the other shareholders of ORL do not provide the funding required of them by subscribing for new ORL Shares, SA Russia intends to provide the shortfall by subscribing the new ORL Shares under the Proposed New Issue. Assuming SA Russia is the only subscriber to subscribe for new ORL Shares under the Proposed New Issue, the shareholding of SA Russia in ORL, for illustration purpose only, will be increased from the current 60% to approximately 86.81% as enlarged by the Proposed New Issue (if before completion of the ORL Shares Acquisitions) or 89.29% as enlarged by the Proposed New Issue (if after completion of the ORL Shares Acquisitions).

The subscription of new ORL Shares under the Proposed New Issue, if proceeded with, will constitute an acquisition by the SA Group and the Suncity Group of further interest in ORL. Pursuant to Rule 14.22, the Proposed New Issue, if proceeded with, has to be aggregated with the ORL Shares Acquisitions when determining its own classification under Chapter 14. Each of Summit Ascent and Suncity will comply with the necessary requirements of the Listing Rules applicable to the Proposed New Issue if and when the subscription agreement in relation to the Proposed New Issue are signed upon finalisation of its terms.

The Proposed New Issue may or may not be proceed with. SA Shareholders and Suncity Shareholders should exercise caution when dealing with the SA Shares and/or the ordinary shares of Suncity.

ORL SHARES ACQUISITIONS

SA Russia, which has been a shareholder of ORL since 2013 holding 60% interest in ORL as at the date of this announcement, has on 30 October 2020 entered into the ORL Shares Acquisition Agreements to acquire an aggregate of a further 7.5% interest in ORL as disclosed in this announcement. The date, parties and principal terms and conditions of the each of the ORL Shares Acquisition Agreements are set out below:

5% ORL Shares Acquisition Agreement

Date : 30 October 2020.

Vendor : Joyful.

To the best of the knowledge, information and belief of the SA Directors and the Suncity Directors after having made all reasonable enquiries, Joyful and its ultimate beneficial owner are Independent Third Parties.

Purchaser : SA Russia, a direct wholly-owned subsidiary of Summit Ascent and an indirect non-wholly owned subsidiary of Suncity.

Assets to be acquired : 7,000 ORL Shares, representing 5% interest in ORL together with the US\$3,784,550 shareholder's loan due and owing by ORL to Joyful.

Consideration : US\$5,382,758 which was agreed between Joyful and SA Russia on arm's length basis, based on the aggregate of the unaudited total net asset value of the 7,000 ORL Shares at approximately US\$228.315 per ORL Share as at 30 June 2020 and the amount of the shareholder's loan.

The consideration payable by SA Russia is to be funded by the internal resources of Summit Ascent.

Payment terms of the consideration : To be paid by SA Russia to Joyful in full upon completion of the 5% ORL Shares Acquisition.

Conditions to completion : Completion of the 5% ORL Shares Acquisition is conditional on fulfilment of the following conditions precedent:

- (a) compliance by Summit Ascent and Suncity of the necessary requirements of the Listing Rules applicable to the 5% ORL Shares Acquisition; and
- (b) the other shareholders of ORL do not exercise their right to apply to acquire the 7,000 ORL Shares and the US\$3,784,550 shareholder's loan from Joyful on the same terms of the 5% ORL Shares Acquisition in accordance with the terms of the ORL Shareholders' Agreement.

The above conditions precedent shall be fulfilled no later than 5:00 p.m. on 31 December 2020 (or such later date as Joyful and SA Russia may agree in writing).

If any of the above conditions precedent shall not have been fulfilled by 5:00 p.m. on 31 December 2020 (or such later date as Joyful and SA Russia may agree in writing), the 5% ORL Shares Acquisition Agreement shall automatically be terminated and cease to be of any effect, and none of Joyful and SA Russia shall have any claim of any nature or liabilities under the 5% ORL Shares Acquisition Agreement save for any antecedent breaches of its terms.

Completion : Completion of the 5% ORL Shares Acquisition is scheduled to take place on the 5th business day following fulfilment of the conditions precedent to completion of the 5% ORL Shares Acquisition.

Completion of the 5% ORL Shares Acquisition is not conditional upon completion of the 2.5% ORL Shares Acquisition.

2.5% ORL Shares Acquisition Agreement

Date : 30 October 2020.

Vendor : Sharp Way.

To the best of the knowledge, information and belief of the SA Directors and Suncity after having made all reasonable enquiries, Sharp Way and its ultimate beneficial owner are Independent Third Parties.

Purchaser : SA Russia, a direct wholly-owned subsidiary of Summit Ascent and an indirect non-wholly owned subsidiary of Suncity.

Assets to be acquired : 3,500 ORL Shares, representing 2.5% interest in ORL together with the US\$1,892,275 shareholder's loan due and owing by ORL to Sharp Way.

Consideration : US\$3,000,000 which was agreed between Sharp Way and SA Russia on arm's length basis based on a premium of approximately 11.47% to the aggregate of the unaudited total net asset value of the 3,500 ORL Shares at approximately US\$228.315 per ORL Share as at 30 June 2020 and the amount of the shareholder's loan.

Payment terms of the consideration : To be paid by SA Russia to Sharp Way in full upon completion of the 2.5% ORL Shares Acquisition by the issuance of the Consideration CBs by Summit Ascent to Sharp Way.

Conditions to completion : Completion of the 2.5% ORL Shares Acquisition is conditional on fulfilment of the following conditions precedent:

- (a) (i) Summit Ascent having obtained from the Stock Exchange the grant of the listing of, and permission to deal in, the Conversion Shares upon conversion of the Consideration CBs; and (ii) the General Mandate not having been revoked as at completion of the 2.5% ORL Shares Acquisition;

- (b) compliance by Summit Ascent and Suncity of the necessary requirements of the Listing Rules applicable to the 2.5% ORL Shares Acquisition; and
- (c) the other shareholders of ORL do not exercise their right to apply to acquire the 3,500 ORL Shares and the US\$1,892,275 shareholder's loan from Sharp Way on the same terms of the 2.5% ORL Shares Acquisition in accordance with the terms of the ORL Shareholders' Agreement.

The above conditions precedent shall be fulfilled no later than 5:00 p.m. on 31 December 2020 (or such later date as Sharp Way and SA Russia may agree in writing).

If any of the above conditions precedent shall not have been fulfilled by 5:00 p.m. on 31 December 2020 (or such later date as Sharp Way and SA Russia may agree in writing), the 2.5% ORL Shares Acquisition Agreement shall automatically be terminated and cease to be of any effect, and none of Sharp Way and SA Russia shall have any claim of any nature or liabilities under the 2.5% ORL Shares Acquisition Agreement save for any antecedent breaches of its terms.

Completion : Completion of the 2.5% ORL Shares Acquisition is scheduled to take place on the 5th business day following fulfilment of the conditions precedent to completion of the 2.5% ORL Shares Acquisition.

Completion of the 2.5% ORL Shares Acquisition is not conditional upon completion of the 5% ORL Shares Acquisition.

The Consideration CBs

Set out below are the principal terms of the Consideration CBs:

Issuer	:	Summit Ascent.
Principal amount	:	US\$3,000,000.
Form and denomination	:	The Consideration CBs will be issued in registered form and in a denomination of US\$100,000 and integral multiples thereof.
Issue price	:	100% of the aggregate principal amount of the Consideration CBs, which is at the full face value of the Consideration CBs.
Interest	:	Zero coupon.
Maturity date	:	The fifth anniversary (“ Maturity Date ”) of the date of issuance of the Consideration CBs (“ Issue Date ”).
Conversion Rights	:	The holder of the Consideration CBs may at any time immediately following the Issue Date and up to the third day prior to the Maturity Date serve notice to Summit Ascent to convert the whole or part of the outstanding principal amount of the Consideration CBs into Conversion Shares at the Conversion Price.
Conversion Price	:	The price at which Conversion Shares will be issued upon conversion will initially be HK\$3.5 (to be translated to US\$ at a fixed rate of HK\$7.75 to US\$1.00) per Conversion Share, which is subject to adjustment provisions, brief particulars of which are set out in “Adjustment events” below.
Adjustment events	:	The Conversion Price will be subject to adjustments if whenever there shall be a change in the nominal value of the SA Shares as a result of consolidation, reclassification or subdivision of SA Shares.

The Conversion Price will be adjusted by multiplying the Conversion Price in force immediately before such consolidation, reclassification or subdivision by the following fraction:

$$A/B$$

where:

A is the nominal amount of one SA Share in issue immediately before such consolidation, reclassification or subdivision.

B is the nominal amount of one SA Share in issue immediately after such consolidation, reclassification or subdivision.

- Conversion Shares : The Conversion Shares to be issued upon conversion of the Consideration CBs will in all respects rank pari passu with the other SA Shares in issue on the date of their issue.
- Redemption upon maturity : Unless previously redeemed, converted, purchased or cancelled, all outstanding principal amount of the Consideration CBs shall be redeemed by Summit Ascent on the Maturity Date at 100% of the principal amount of such Consideration CBs without interest.
- Early Redemption at the option of the holder of the Consideration CBs : None save in the event of default as brief described below in “Events of default” below.
- Early redemption by Summit Ascent : None.

- Events of default : Among other customary events of default, set out below are the principal events of default under the Consideration CBs:
- (i) a default is made in the payment of any principal, interest or premium due in respect of the Consideration CBs; or
 - (ii) Summit Ascent fails to deliver any Conversion Shares as and when the Conversion Shares are required to be delivered following conversion of the Consideration CBs; or
 - (iii) Summit Ascent does not perform or comply with any one or more of its obligations contained in the Consideration CBs; or
 - (iv) any present or future indebtedness (whether actual or contingent) of Summit Ascent or any other member of the SA Group for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like; or
 - (v) (a) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of Summit Ascent or any other member of the SA Group which is not an Insignificant Subsidiary (as such term is defined in Rule 14A.09) or (b) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by Summit Ascent or any other member of the SA Group which is not an Insignificant Subsidiary (as such term is defined in Rule 14A.09) becomes enforceable and any step is taken to enforce it; or
 - (vi) an order is made or an effective resolution passed for the winding-up or judicial management or dissolution or administration of Summit Ascent or any other member of the SA Group which is not an Insignificant Subsidiary (as such term is defined in Rule 14A.09); or

- (vii) Summit Ascent or any other member of the SA Group which is not an Insignificant Subsidiary (as such term is defined in Rule 14A.09) is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts; or
- (viii) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of Summit Ascent or any other member of the SA Group which is not an Insignificant Subsidiary (as such term is defined in Rule 14A.09); or
- (ix) the SA Shares cease to be listed or admitted to trading on the Stock Exchange (excluding a voluntary delisting at the option of Summit Ascent, subject to approval by the holder of the Consideration CBs) and such delisting is not withdrawn or rescinded within 30 days; or
- (x) the SA Shares are suspended from trading on the Stock Exchange for a period equal to or greater than 30 consecutive days on which the Stock Exchange is open for business of dealing in securities.

Status of the Consideration CBs : The Consideration CBs shall constitute direct, unsubordinated, unconditional and unsecured obligations of Summit Ascent. The Consideration CBs shall at all times rank pari passu and without any preference or priority among themselves.

Transferability of the Consideration CBs : The Consideration CBs are freely transferrable in whole or in part save transfer to connected persons of Summit Ascent or Suncity shall be subject to the requirements that the Stock Exchange may impose from time to time.

- Conversion restriction : No conversion of the Consideration CBs shall be made if the issue of the Conversion Shares in satisfaction of the Conversion Rights would result in Summit Ascent failing to meet its obligation under the Listing Rules to maintain the minimum prescribed percentage of the SA Shares that must at all times remain in public hands.
- Restriction on disposal of Conversion Shares : During the period commencing from the Issue Date and ending on the second anniversary of the Issue Date (both days inclusive), the holder of the Consideration CBs shall not sell, assign or dispose of any of the Conversion Shares provided that the holder of the Consideration CBs shall (notwithstanding the foregoing restriction) be permitted to create security interest over any or all of the Conversion Shares in favour of its lenders as security for loan or other financial accommodation obtained by the holder of the Consideration CBs.
- Voting : The Consideration CBs do not confer any voting rights on their holder at any general meetings of Summit Ascent.
- No listing of the Consideration CBs : No application has been or will be made for the listing of the Consideration CBs on the Stock Exchange or any other stock exchange.

The Conversion Shares

Assuming full exercise of the Conversion Rights by the holder of the Consideration CBs at an initial Conversion Price of HK\$3.5 (to be translated to US\$ at a fixed rate of HK\$7.75 to US\$1.00) per Conversion Share and based on the other assumptions as set out in “**Effects of issue of the Conversion Shares under the Consideration CBs on Shareholding Structure of Summit Ascent**” in this announcement, 6,642,857 SA Shares will be allotted and issued to holder of the Consideration CBs, representing the following percentages in the issued share capital of Summit Ascent:

	<i>Approximate %</i>
The issued share capital of Summit Ascent as at the date of this announcement	0.1473
The issued share capital of Summit Ascent as enlarged by the allotment and issue of the 6,642,857 SA Shares	0.1471

Issue of the Conversion Shares under the General Mandate

At the general meeting of Summit Ascent held on 29 May 2020, the SA Shareholders approved, among other things, the General Mandate, under which the SA Directors are authorised to issue up to 360,755,567 new SA Shares, being 20% of the total number of 1,803,777,836 SA Shares in issue as at the date of such the general meeting of Summit Ascent. As at the date of this announcement, none of the General Mandate has been utilised and 360,755,567 new SA Shares may be issued under the General Mandate.

The Conversion Shares to be issued upon conversion of the Consideration CBs will be allotted and issued under the General Mandate and, as such, no SA Shareholders' approval is required for the issue of the Consideration CBs.

The Conversion Price

The Conversion Price represents the following closing price of the SA Shares as quoted on the Stock Exchange:

- (1) a premium of approximately 293.3% to the closing price of HK\$0.89 per SA Share on the date of the ORL Shares Acquisition Agreements;
- (2) a premium of approximately 275.5% to the average closing price of approximately HK\$0.932 per SA Share for the last five trading days up to and including 29 October 2020 (the “**Last Trading Day**”); and
- (3) a premium of approximately 294.1% to the average closing price of approximately HK\$0.888 per SA Share for the last ten trading days up to and including the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations between Sharp Way and Summit Ascent with reference to the following factors:

- (i) the current market sentiment and the prevailing market prices of the SA Shares as quoted on the Stock Exchange;
- (ii) the market price of the SA Shares after investment in the Project by Summit Ascent since August 2013 up to and including 29 October 2020, ranging between HK\$0.47 and HK\$6.45 with an average of HK\$3.46; and
- (iii) the future prospects of Summit Ascent, including the expected growth in the Project.

EFFECTS OF ISSUE OF THE CONVERSION SHARES UNDER THE CONSIDERATION CBs ON SHAREHOLDING STRUCTURE OF SUMMIT ASCENT

The shareholding structure of Summit Ascent (1) as at the date of this announcement and (2) immediately after the allotment and issue of the Conversion Shares at the initial Conversion Price of HK\$3.5 upon exercise of the Conversion Rights attaching to the Consideration CBs in full, and assuming that there being no other change to the share capital and shareholding structure of Summit Ascent from the date of this announcement save for the allotment and issue of the Conversion Shares, are as follows:

SA Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares at the initial Conversion Price of HK\$3.5 upon exercise of the Conversion Rights attaching to the Consideration CBs in full	
	<i>No. of SA Shares</i>	<i>Approximate %</i>	<i>No. of SA Shares</i>	<i>Approximate %</i>
Victory Sky Holdings Limited ("Victor Sky") (note 1)	3,018,306,811	66.93	3,018,306,811	66.8346
Suncity Group Holdings Limited ("Suncity") (note 1)	123,255,000	2.73	123,255,000	2.7292
Dr. U Chio leong (note 2)	40,906,000	0.91	40,906,000	0.9058
Mr. Li Chak Hung (note 3)	400,000	0.01	400,000	0.0089
<i>Public SA Shareholders</i>				
Sharp Way	–	–	6,642,857	0.1471
Other public SA Shareholders	<u>1,326,576,779</u>	<u>29.42</u>	<u>1,326,576,779</u>	<u>29.3744</u>
Total	<u>4,509,444,590</u>	<u>100.00</u>	<u>4,516,087,447</u>	<u>100.00</u>

Notes:

- (1) As at the date of this announcement, Suncity, a company listed on the Stock Exchange (stock code:1383), is the beneficial owner of 123,255,000 SA Shares and is also interested in 3,018,306,811 SA Shares through its wholly-owned subsidiary, namely, Victor Sky. As at the date of this announcement, Suncity is approximately 74.87% owned by Fame Select Limited, which is owned as to 50% by Mr. Chau Cheok Wa, the Chairman and non-executive SA Director of Summit Ascent and the Chairman and executive Suncity Director of Suncity, and 50% by Mr. Cheng Ting Kong.*
- (2) Dr. U Chio Jeong is a non-executive SA Director.*
- (3) Mr. Li Chak Hung is an independent non-executive SA Director.*
- (4) Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.*

SA Shareholders and Suncity Shareholders should take note that the analysis set out above is for illustration purpose only.

As disclosed in the above shareholding table, it is expected that immediately upon full conversion of the Consideration CBs, more than 25% of the issued share capital of Summit Ascent will continue to be in the public hands.

FUND RAISING ON ISSUE OF EQUITY SECURITIES IN THE PAST TWELVE MONTHS

Summit Ascent has raised fund on issue of the following equity security during the past 12 months immediately preceding the date of this announcement:

Date of announcement	Equity security issued	Net proceeds raised (approximately)	Intended use of net proceeds raised	Actual use of net proceeds raised
1 June 2020	2,705,666,754 new SA Shares by way of rights issue on the basis of three rights shares for every two SA Shares held on the record date, i.e. 17 September 2020	HK\$1,618.42 million	(i) approximately 52.3% or HK\$847 million to the subscription of 6.0% coupon rate convertible bonds in the aggregate principal amount of up to 5.6 billion Philippine peso (equivalent to approximately HK\$847 million) convertible into shares of Suntrust Home Developers, Inc (“SunTrust”) (a company incorporated in the Philippines, the shares of which are listed on the Philippine Stock Exchange Inc., stock code: SUN) at an initial conversion price of 1.8 Philippine peso per conversion share for an initial term of 5 years to be issued by SunTrust to a direct wholly-owned subsidiary of Summit Ascent; (ii) approximately 37.1% or HK\$601 million for the Phase II development of Tigre de Cristal; and (iii) approximately 10.6% or HK\$170 million for general working capital.	Currently placed on short-term interest bearing deposits with licensed commercial banks

Suncity has not raised fund on issue of equity security during the past 12 months immediately preceding the date of this announcement.

Save as disclosed above, neither Summit Ascent nor Suncity has conducted other equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

INFORMATION OF JOYFUL AND SHARP WAY

Joyful is a company incorporated in the British Virgin Islands with limited liability and a shareholder of ORL holding 5% interest in ORL as at the date of this announcement. Joyful is principally engaged in investment holding. The ultimate beneficial owner of Joyful is Mr. Loi Keong Kuong. Each of Joyful and its beneficial owner is an Independent Third Party.

Sharp Way is a company incorporated in Hong Kong with limited liability and a shareholder of ORL holding 2.5% interest in ORL as at the date of this announcement. Sharp Way is principally engaged in investment holding. The ultimate beneficial owner of Sharp Way is Mr. Petr Sindyukov. Each of Sharp Way and its beneficial owner is an Independent Third Party.

INFORMATION OF ORL

General information

ORL is a company incorporated in Hong Kong with limited liability, through which the Project, being the SA Group's first casino hotel and the largest integrated casino hotel in Vladivostok, the Russian Federation, Tigre de Cristal, is conducted.

The current shareholding structure of ORL prior to and after completion of the ORL Shares Acquisitions and prior to the Proposed New Issue is as follows:

Shareholder	Prior to completion of the ORL Shares Acquisitions and prior to the Proposed New Issue <i>% interest in ORL</i>	After completion of the ORL Shares Acquisitions and prior to the Proposed New Issue <i>% interest in ORL</i>
SA Russia	60%	67.5%
Firich Investment Limited	25%	25%
Joyful	5%	–
City Wealth Group Limited	5%	5%
Jewrim Limited	2.5%	2.5%
Sharp Way	2.5%	–
	<hr/>	<hr/>
Total	<u>100%</u>	<u>100%</u>

Financial information

The following is a summary of the audited consolidated financial information of ORL, prepared in accordance with Hong Kong financial reporting standards, for the periods as stated below:

	For the year ended	
	31 December 2018	31 December 2019
	<i>(HK\$)</i>	<i>(HK\$)</i>
	<i>Approx.</i>	<i>Approx.</i>
Net profit before tax and extraordinary items	15,210,000	86,352,000
Net profit after tax and extraordinary items	15,103,000	86,241,000

The unaudited consolidated net asset value attributable to owners of ORL was US\$31,964,162 (equivalent to approximately HK\$247,722,000) as at 30 June 2020.

INFORMATION OF THE SA GROUP AND THE SUNCITY GROUP

The SA Group is principally engaged in the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation.

The Suncity Group is principally engaged in (i) property development in Guangdong and Anhui Provinces in the People's Republic of China; (ii) property leasing in Shenzhen in the People's Republic of China; (iii) provision of hotel and integrated resort general consultancy service in Vietnam; and (iv) provision of travel related products and services; (v) development and operation of integrated resort in the Philippines; and (vi) through the SA Group, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation. The Suncity Group has been expanding and seeking opportunities to expand its tourism-related business, in particular, investment in integrated resort and provision of hotel and integrated resort general consultancy services in the South East Asia region.

REASON FOR, AND BENEFITS OF, THE ORL SHARES ACQUISITIONS

ORL intends to raise additional capital for the Project to the extent of US\$65,000,000 from all its shareholders in proportion to their respective shareholdings in ORL in the form of equity in ORL to be subscribed by them. Joyful and Sharp Way, two of the shareholders of ORL holding in aggregate 7.5% interest in ORL, do not intend to provide their respective shares of equity funding to ORL and agreed to sell their respective entire interests in ORL together with their respective shareholder loans to SA Russia under the ORL Shares Acquisitions.

The ORL Shares Acquisitions provide an opportunity to increase the SA Group's equity stake in the Project by 7.5% (before the Proposed New Issue) in aggregate which in turn is expected to help contributing to the organic growth of the SA Group by increasing shareholders' value of Summit Ascent and Suncity in the long run.

The SA Directors consider that the ORL Shares Acquisitions on terms of the ORL Shares Acquisitions Agreements are on terms fair and reasonable and in the interests of Summit Ascent and the SA Shareholders as a whole. The Suncity Directors consider that the ORL Shares Acquisitions on terms of the ORL Shares Acquisitions Agreements are on terms fair and reasonable and in the interests of Suncity and the Suncity Shareholders as a whole.

No SA Director is interested in the ORL Shares Acquisitions and none of the SA Directors was required to abstain from voting on the resolutions of the SA Board approving the ORL Shares Acquisitions. No Suncity Director is interested in the ORL Shares Acquisitions and none of the Suncity Directors was required to abstain from voting on the resolutions of the Suncity Board approving the ORL Shares Acquisitions.

PROPOSED NEW ISSUE

For the purpose of providing the additional capital for the Project to the extent of US\$65,000,000, ORL wishes to implement the Proposed New Issue to raise the funding required from its shareholders in proportion to their respective shareholdings in ORL in the form of equity in ORL (i.e. by subscribing for new ORL Shares under the Proposed New Issue). As at the date of this announcement, the parties to the Proposed New Issue and terms and conditions of the Proposed New Issue are in the course of discussion and negotiation, have not yet been finalised and no legally binding subscription agreement in respect of the Proposed New Issue has been signed.

Apart from providing its share of funding in proportion to its shareholding in ORL by subscribing for new ORL Shares under the Proposed New Issue if it is proceeded with, in case any of the other shareholders of ORL do not provide the funding required of them by subscribing for new ORL Shares, SA Russia intends to provide the shortfall by subscribing the new ORL Shares under the Proposed New Issue. Assuming SA Russia is the only subscriber to subscribe for new ORL Shares under the Proposed New Issue, the shareholding of SA Russia in ORL, **for illustration purpose only**, will be increased from the current 60% to approximately 86.81% as enlarged by the Proposed New Issue (if before completion of the ORL Shares Acquisitions) or 89.29% as enlarged by the Proposed New Issue (if after completion of the ORL Shares Acquisitions).

The subscription of new ORL Shares under the Proposed New Issue, if proceeded with, will constitute an acquisition by the SA Group and the Suncity Group of further interest in ORL. Pursuant to Rule 14.22, the Proposed New Issue, if proceeded with, has to be aggregated with the ORL Shares Acquisitions when determining its own classification under Chapter 14. Each of Summit Ascent and Suncity will comply with the necessary requirements of the Listing Rules applicable to the Proposed New Issue if and when the subscription agreement in relation to the Proposed New Issue are signed upon finalisation of its terms.

The Proposed New Issue may or may not be proceed with. SA Shareholders and Suncity Shareholders should exercise caution when dealing with the SA Shares and/or the ordinary shares of Suncity.

IMPLICATIONS OF THE LISTING RULES

The ORL Shares Acquisitions

Pursuant to Rule 14.22, the ORL Shares Acquisitions have to be aggregated on the Aggregation Basis when determining their classification under Chapter 14.

As some of the applicable percentage ratios in respect of the ORL Shares Acquisitions on the Aggregation Basis exceeds 5% but is less than 25%, each of the ORL Shares Acquisitions constitutes a discloseable transaction for each of Summit Ascent and Suncity under Chapter 14 and is subject to the announcement requirement under Chapter 14.

Deemed disposal under Chapter 14

Assuming (a) full conversion of the Consideration CBs at the initial Conversion Price of HK\$3.5 upon exercise of the Conversion Rights attaching to the Consideration CBs and (b) there is no other change to the share capital and shareholding structure of Summit Ascent other than the issue of the Conversion Shares from the date of this announcement to the time of full conversion of the Consideration CBs, Suncity's interest in Summit Ascent will be diluted from the current interest of approximately 69.66% to approximately 69.56% upon issuance of the 6,642,857 Conversion Shares, representing a dilution of approximately 0.1% of Suncity's interest in Summit Ascent.

The dilution will constitute a deemed disposal for Suncity under Chapter 14. As all the applicable percentage ratios in respect of such deemed disposal is less than 5%, the deemed disposal is not subject to any reporting, announcement or shareholders' approval of Suncity under Chapter 14.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions have the following meanings when used herein.

“associate”	has the meaning ascribed to it under the Listing Rules
“Aggregation”	the aggregation of the ORL Shares Acquisitions under Rule 14.22 and “ Aggregation Basis ” has the corresponding meaning
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration CBs”	the zero coupon convertible bonds in the aggregate principal amount of US\$3,000,000 convertible into Conversion Shares at an initial Conversion Price of HK\$3.5 per Conversion Share for a term of 5 years from the date of their issue to be issued by Summit Ascent to Sharp Way in full payment of the consideration payable by SA Russia to Sharp Way in respect of the 2.5% ORL Shares Acquisition
“Conversion Price”	the price at which the Conversion Shares are to be issued upon exercise of the Conversion Rights, which is initially at HK\$3.5 per Conversion Share, subject to adjustments in accordance with the conditions of the Consideration CBs
“Conversion Rights”	the rights to convert the Consideration CBs into Conversion Shares
“Conversion Shares”	SA Shares issuable by Summit Ascent upon exercise of the Conversion Rights
“General Mandate”	the general mandate granted by the SA Shareholders to the SA Directors to allot, issue or otherwise deal with SA Shares up to a maximum of 20% of the total number of SA Shares in issue as at the date of the annual general meeting of Summit Ascent held on 29 May 2020
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Third Party”	a third party independent of and not connected with either Summit Ascent or Suncity and any connected person of either Summit Ascent or Suncity and is itself not a connected person of either Summit Ascent or Suncity
“Joyful”	Joyful Happiness Limited, a company incorporated in the British Virgin Islands with limited liability and a shareholder of ORL holding 5% interest in ORL as at the date of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“ORL”	Oriental Regent Limited, a company incorporated in Hong Kong with limited liability and an indirect 60% owned subsidiary of Summit Ascent with SA Russia as the shareholder and an indirect non-wholly owned subsidiary of Suncity as at the date of this announcement
“ORL Shareholders’ Agreement”	the investment and shareholders agreement dated 23 August 2013 relating to ORL as amended and supplemented from time to time
“ORL Shares”	ordinary shares in the share capital of ORL
“ORL Shares Acquisition Agreements”	collectively, the following: <ul style="list-style-type: none"> (a) the conditional agreement for sale and purchase dated 30 October 2020 entered into between Sharp Way as vendor, SA Russia as purchaser and Summit Ascent in relation to the 2.5% ORL Shares Acquisition (“2.5% ORL Shares Acquisition Agreement”); and (b) the conditional agreement for sale and purchase dated 30 October 2020 entered into between Joyful as vendor and SA Russia as purchaser in relation to the 5% ORL Shares Acquisition (“5% ORL Shares Acquisition Agreement”)

“ORL Shares Acquisitions”	collectively, the following: <ul style="list-style-type: none"> (a) the acquisition of 3,500 ORL Shares (representing 2.5% interest in ORL as at the date of this announcement) and US\$1,892,275 shareholder’s loan to ORL by SA Russia from Sharp Way under and pursuant to the 2.5% ORL Shares Acquisition Agreement (“2.5% ORL Shares Acquisition”); and (b) the acquisition of 7,000 ORL Shares (representing 5% interest in ORL as at the date of this announcement) and US\$3,784,550 shareholder’s loan to ORL by SA Russia from Joyful under and pursuant to the 5% ORL Shares Acquisition Agreement (“5% ORL Shares Acquisition”)
“Proposed New Issue”	the possible issue of new ORL Shares by ORL to its shareholders for the purpose of raising part of the additional capital required for the Project to the extent of US\$65,000,000 in the form of equity in ORL
“Project”	the gaming and hotel operations of the SA Group in Vladivostok, the Russian Federation, Tigre de Cristal
“SA Board”	the board of SA Directors
“SA Directors”	the directors of Summit Ascent
“SA Group”	Summit Ascent and its subsidiaries from time to time
“SA Russia”	Summit Ascent Russia Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Summit Ascent and a shareholder of ORL holding 60% interest in ORL as at the date of this announcement
“SA Shares”	ordinary shares of par value of HK\$0.025 each in the issued share capital of Summit Ascent
“SA Shareholder”	the holder of any SA Shares

“Sharp Way”	Sharp Way Group Limited, a company incorporated in Hong Kong with limited liability and a shareholder of ORL holding 2.5% interest in ORL as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Summit Ascent”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, the SA Shares of which are listed on the Main Board of the Stock Exchange (stock code: 102) and a 69.66% owned subsidiary of Suncity as at the date of this Announcement
“Suncity”	Suncity Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued shares listed on the Main Board of the Stock Exchange (stock code: 1383)
“Suncity Board”	the board of Suncity Directors
“Suncity Directors”	the directors of Suncity
“Suncity Group”	Suncity and its subsidiaries from time to time, including members of the SA Group
“Suncity Shareholder”	the holder of any ordinary shares of HK\$0.10 each in the share capital of Suncity
“US\$”	the dollars of the United States of America, the lawful currency of the United States of America
“%”	per cent

Notes:

- (1) All references to times and dates are references to Hong Kong time unless otherwise stated.
- (2) In this announcement, unless otherwise stated, all references to Rules and Chapters are references to Rules and Chapters of the Listing Rules.
- (3) When translated, each US\$ amount stated in this announcement was translated at the exchange rate of US\$1.0 to HK\$7.75.

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

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

Hong Kong, 30 October 2020

As at the date of this announcement, the executive SA Directors are Mr. Lo Kai Bong (Deputy Chairman) and Mr. Chiu King Yan, the non-executive SA Directors are Mr. Chau Cheok Wa (Chairman), Mr. Wong Pak Ling Philip and Dr. U Chio Jeong, and the independent non-executive SA Directors are Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung.

As at the date of this announcement, the executive Suncity 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 Suncity Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.