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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Summit Ascent Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 102)

**MAJOR AND CONNECTED TRANSACTION:
THE LOAN AGREEMENT**

**Independent Financial adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in “Definitions” in this circular.

A letter of advice from Astrum to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 38 of this circular. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 21 of this circular.

A notice convening the SGM to be held at Jade Rooms V–VII, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 3 p.m. on Tuesday, 20 April 2021 is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. 3 p.m. on Sunday, 18 April 2021) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

26 March 2021

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DEFINITIONS

In this circular:

- (a) All references to times and dates are references to Hong Kong time unless otherwise stated.*
- (b) All references to Rules and Chapters are references to Rules and Chapters of the Listing Rules unless otherwise stated.*
- (c) Unless otherwise stated, when translated, each HK\$ amount stated in this circular was translated to PHP at the exchange rate of HK\$1.0 to PHP6.2285 and each US\$ amount stated in this circular was translated to HK\$ at the exchange rate of US\$1.0 to HK\$7.75.*
- (d) Unless the context otherwise requires, the following expressions have the following meanings:*

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Summit Ascent Holdings Limited (凱升控股有限公司), a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 102) and a 69.66% owned subsidiary of Suncity
“Conditions Precedent”	the conditions precedent to the Loan Agreement and the availability of the Loan as set out in “Letter from the Board – The Loan Agreement – Conditions Precedent” in this circular
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Directors”	the directors of the Company and each a “ Director ”
“Event of Default”	the events as briefly set out in “Letter from the Board – The Loan Agreement – Event of Default” in this circular
“Group”	the Company and its subsidiaries from time to time, including SA Investments
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders on, among other matters, the fairness and reasonableness of the Loan Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Astrum”	Astrum Capital Management Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the Loan Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders, other than Suncity and its associates, who have no material interest in the Loan Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	23 March 2021, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the principal amount of US\$120,000,000 (equivalent to HK\$930,000,000) as may be advanced by SA Investments as lender to SunTrust as borrower under and pursuant to the Loan Agreement
“Loan Agreement”	the conditional loan agreement dated 23 February 2021 in relation to the Loan entered into between SA Investments as lender and SunTrust as borrower
“Long Stop Date”	the last time for fulfillment or, as the case may be, waiver of the Conditions Precedent, being 5:00 p.m. on 31 May 2021 (or such later time and date as SA Investments and SunTrust may agree in writing)
“Main Hotel Casino”	the 5-Star hotel and casino complex erected or to be erected at the Project Site

DEFINITIONS

“Maturity Date”	three months from the date of the disbursement of the Loan to SunTrust
“Mr. Chau”	Mr. Chau Cheok Wa, a non-executive Director and the Chairman of the Company
“Mr. Lo”	Mr. Lo Kai Bong, an executive Director and Deputy Chairman of the Company
“percentage ratios”	has the meaning as defined in Rule 14.07
“PHP”	Philippine peso, the lawful currency of the Philippines
“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Site”	the three parcels of land located at Manila Bayshore Integrated City in Paranaque City, the Philippines upon which the Main Hotel Casino is to be constructed and erected
“PSE”	The Philippine Stock Exchange, Inc.
“Rights Issue”	the rights issue of the Company on the basis of three (3) rights shares for every two (2) Shares completed on 15 October 2020 at the subscription price of HK\$0.6 per rights share as disclosed in the circular of the Company dated 14 August 2020 and the prospectus of the Company dated 18 September 2020
“SA Investments”	Summit Ascent Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Loan Agreement and the transactions contemplated thereunder
“Shareholder”	the holder of any Share or Shares
“Shares”	ordinary shares of HK\$0.025 each in the issued share capital of the Company

DEFINITIONS

“SRC Rules”	The Securities Regulations Code in the Philippines and its implementing rules and regulations, as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the SunTrust CB by SA Investments
“Suncity”	Suncity Group Holdings Limited (太陽城集團控股有限公司), 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) and a controlling shareholder of the Company
“Suncity Group”	Suncity and its subsidiaries from time to time, including the Company, SA Investments and SunTrust
“SunTrust”	Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN) and a 51% owned subsidiary of Suncity
“SunTrust CB”	the 6.0% coupon rate convertible bonds in the principal amount of PHP5,600,000,000 (equivalent to approximately HK\$899 million) issued by SunTrust to SA Investments on 30 December 2020 pursuant to the subscription agreement dated 1 June 2020 (as supplemented) entered into between SunTrust as issuer and SA Investments as subscriber as disclosed in the circular of the Company dated 14 August 2020 and the prospectus of the Company dated 18 September 2020 which was approved by the independent Shareholders of the Company at a special general meeting of the Company held on 7 September 2020
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 102)

Executive Directors:

Mr. Lo Kai Bong (*Deputy Chairman*)
Mr. Chiu King Yan

Non-executive Directors:

Mr. Chau Cheok Wa (*Chairman*)
Mr. Wong Pak Ling Philip
Dr. U Chio Ieong

Independent non-executive Directors:

Mr. Lam Kwan Sing
Mr. Lau Yau Cheung
Mr. Li Chak Hung

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*

Unit 1704, 17/F., West Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

26 March 2021

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION: THE LOAN AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 23 February 2021 on, among other matters, the Loan Agreement.

On 23 February 2021, SunTrust as borrower entered into the Loan Agreement with SA Investments as lender, pursuant to which SA Investments shall, subject to the Conditions Precedent, provide the Loan (i.e. in the principal amount of US\$120,000,000 (equivalent to HK\$930,000,000)) to SunTrust.

The purpose of this circular is to provide you for information purposes only with, among other matters, (i) further details of the Loan Agreement and the transactions contemplated thereunder; (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereunder; (iii) the opinion and recommendation of the Independent Board Committee after taking into consideration of the advice of the Independent Financial Adviser in respect of the terms and conditions of the Loan Agreement and the transactions contemplated thereunder; (iv) certain financial information and other information of the Group; and (v) the notice of the SGM, all as required to be included in this circular under the Listing Rules.

LETTER FROM THE BOARD

THE LOAN AGREEMENT

Date: 23 February 2021.

Parties: (i) SunTrust, as borrower; and
(ii) SA Investments, as lender.

SunTrust is a connected person of the Company for being a 51% owned subsidiary of Suncity, which in turn is a controlling shareholder of the Company interested in, directly and indirectly, an aggregate of 69.66% of the Shares in issue.

Principal amount of the Loan: US\$120,000,000 (equivalent to HK\$930,000,000).

Subject to the fulfillment of Conditions Precedent of the Loan Agreement, including Independent Shareholders' approval to the Loan Agreement and the transactions contemplated thereunder as disclosed in "The Loan Agreement – Conditions Precedent" below in this circular, the Loan shall be deployed from part of the net proceeds from the Rights Issue to the extent of US\$60,000,000 (equivalent to HK\$465,000,000) and from the internal resources of the Company to the extent of the remaining US\$60,000,000 (equivalent to HK\$465,000,000).

Application of the Loan: To fund the construction and development of the Main Hotel Casino of which SunTrust is the sole operator and manager.

Taxes or other charges: All applicable taxes and other charges as a result of the Loan are to be payable by SunTrust

Interest rate: Six percent (6%) per annum.

In determining the interest rate of the Loan and its fairness and reasonableness, the Company has taken into account the following factors:

- (1) current three-month Hong Kong dollars saving rate of the time deposits at the average rate of 0.72% in Hong Kong;
- (2) borrowing rate in US\$ ranging from 6.0% to 6.5% as quoted from a bank in the Philippines for the same size of loan and for the same loan tenor; and
- (3) 5-year-term SunTrust CB's interest rate at the rate of 6% per annum.

LETTER FROM THE BOARD

On the above basis, the interest rate of the Loan is considered by the Directors as being fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

Default interest rate: Eight percent (8%) per annum.

Availability period: Within thirty (30) days from the date of fulfillment of all the Conditions Precedent (or such longer period as SA Investments may in its sole and absolute discretion think fit).

Maturity date: Three months from the date of the disbursement of the Loan to SunTrust.

If the Maturity Date is to be extended for successive terms of more than three months, the Company will comply with the applicable reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

The Maturity Date may upon application by SunTrust in writing to SA Investments be extended for successive terms of one (1) month each subject to the aggregated term as may be extended shall not be more than three (3) months (unless SA Investments otherwise agrees to a longer period in its sole and absolute discretion), and in respect of each extension upon and subject to such terms and conditions as SA Investments may in its sole and absolute discretion impose.

Repayment: The Loan together with all interest accrued thereon and all amounts due and owing under the Loan Agreement shall be repaid in full by SunTrust the earlier of:

- (i) the Maturity Date or the extended Maturity Date as may be extended in accordance with the Loan Agreement; and
- (ii) forthwith upon the occurrence of an Event of Default.

Event of Default: Set out below are brief particulars of the events of default upon the occurrence of any of which the Loan together with all interest accrued thereon and all amounts due and owing under the Loan Agreement shall be immediately due and repayable without further notice or demand:

- (i) SunTrust fails to pay in accordance with the terms of the Loan Agreement; or

LETTER FROM THE BOARD

- (ii) SunTrust defaults in performing or observing the Loan Agreement and such default shall not have been remedied within thirty (30) days after written notice thereof having been given to SunTrust; or
- (iii) any of SunTrust's representations, warranties and undertakings proves to be incorrect or misleading when made or deemed to be made or repeated in any material respect or shall be breached; or
- (iv) an order is made or an effective resolution is passed or analogous proceedings are taken for the amalgamation, winding up or dissolution of SunTrust (save for the purpose of and followed by an amalgamation or reconstruction previously approved in writing by SA Investments); or
- (v) any encumbrancer takes possession or if a receiver or other similar officer is appointed or if a distress or execution is levied or enforced upon or sued out against the whole or any part of the undertaking, assets or property of SunTrust and is not discharged within thirty (30) days of being levied or enforced; or
- (vi) any other present or future indebtedness of SunTrust for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity or SunTrust fails to pay when due any amount payable by it under any present or future guarantee for any moneys borrowed or raised; or
- (vii) if the shares of SunTrust are suspended for trading on the PSE for a period of thirty (30) consecutive trading days or more, or listing of the shares of SunTrust on the PSE are revoked or withdrawn; or
- (viii) any material litigation, arbitration or administrative proceedings before any court, arbitration or other relevant authority is current, pending or threatened against SunTrust; or
- (ix) SunTrust shall stop payment to creditors generally or shall be unable to pay its debts; or
- (x) there occurs, in SA Investment's opinion, a material adverse change in the financial condition of SunTrust; or

LETTER FROM THE BOARD

(xi) the Loan Agreement and any other ancillary documents shall cease to be in full force and effect; or

(xii) the occurrence of any event which under the law of any jurisdiction relevant to SunTrust, has an analogous or equivalent effect to any event mentioned above.

Conditions Precedent:

The Loan Agreement and the availability of the Loan are subject to satisfaction of the following conditions:

(i) the Company having obtained approval of the Loan Agreement and all transactions contemplated hereunder from the Independent Shareholders in compliance with the Listing Rules and complied with the requirements as the Stock Exchange may require;

(ii) SunTrust having obtained all necessary approvals, consents or waivers (as appropriate) as are required under the SRC Rules for related party transactions covering the grant of the Loan and subsequent performance of the Loan Agreement and all transactions contemplated hereunder; and

(iii) all SunTrust's representations, warranties and undertakings remain true and correct on and as of each such time as if each were made with reference to the facts and circumstances existing at each such time.

SA Investments may, at its sole and absolute discretion, at any time on or before the Long Stop Date by notice in writing to SunTrust waive the Conditions Precedent set out in (iii) above in whole or in part.

If any of the Conditions Precedent shall not have been fulfilled (or, as the case may be, waived by SA Investments insofar as they can be waived under the terms of the Loan Agreement) on or before the Long Stop Date, the Loan Agreement shall terminate and the respective obligations of the parties under the Loan Agreement shall forthwith cease and terminate and none of the parties shall have any claim against the other of them save for any antecedent breach.

As at the Latest Practicable Date, the Conditions Precedent sets out in (ii) above have been fulfilled.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE LOAN AGREEMENT

Earnings

As set out in “Letter from the Board – Reasons for and benefits of the Loan” below in this circular, the Loan provides the Group with an opportunity to earn interest income at the rate of 6% per annum. The Loan will generate an interest income of US\$3,600,000 (equivalent to HK\$27,900,000) to the Company for a period of six months, on the basis of the Maturity Date being extended for an aggregated term of three months.

Assets and liabilities

The item “loan to a fellow subsidiary” under the current assets of the Group will be increased by US\$120,000,000 (equivalent to HK\$930,000,000) which will be attributed by the advancement of the Loan whereas the Group’s cash and cash equivalent will be decreased accordingly. The transactions contemplated under the Loan Agreement will have no impact on the liabilities of the Group.

INFORMATION OF SUNTRUST AND SUNCITY GROUP

SunTrust is a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN). SunTrust is appointed as the sole and exclusive operator and manager to operate and manage the Main Hotel Casino.

SunTrust is a 51% owned subsidiary of Suncity, which in turn is directly and indirectly interested in 69.66% of the Shares in issue. The Suncity Group is principally engaged in (i) property development in the PRC and Japan; (ii) property leasing and management and operation of malls in the PRC; (iii) provision of hotel and integrated resort general consultancy service in Vietnam; (iv) provision of travel related products and services; (v) through SunTrust, development and operation of an integrated resort in the Philippines; and (vi) through the Group, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region (the “**IEZ Primorye**”) in the Russian Federation. Suncity Group has been expanding and seeking opportunities to expand its tourism-related business, in particular, investment in integrated resorts and provision of hotel and integrated resort general consultancy services in the South East Asia region.

INFORMATION OF THE COMPANY AND SA INVESTMENTS

The Company is an investment holding company with the Group principally engaged in the operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation. The gaming and hotel operations of the Group are conducted through its 77.5% equity interest in Oriental Regent Limited, an indirect non wholly-owned subsidiary of the Company. The Company is a 69.66% owned subsidiary of Suncity. SA Investments is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

LETTER FROM THE BOARD

KEY MEASURES TO SAFEGUARD THE GROUP'S ASSETS

The Loan represented approximately 23% to the Company's enlarged total assets of HK\$3,978 million as at 31 December 2020 taking into account the net proceeds from the Rights Issue. The following are the key measures taken by the Group to safeguard its assets:

- (1) **Monitoring:** Knowing the debtor well is one of the fundamental measures when it comes to assets protection, in particular, from the perspective of the Company as lender of the Loan. Sound financial health, smooth and steady development of the Main Hotel Casino, status of SunTrust remains as the sole and exclusive operator and manager of the Main Hotel Casino and such like are all fundamental to the Loan to remain a good quality loan. The Company and SunTrust, being same members of Suncity Group, can help facilitating continuous monitoring of these fundamentals by the Group through fostering and maintaining regular communication and active interaction between the two camps.
- (2) **Providing solutions:** The Group gained extensive experience in identifying and resolving design, construction, development, costs control and financing issues in the course of its development of Tigre de Cristal. The Group's experience can be shared and have been sharing with SunTrust in seeing to the steady and healthy development of the Main Hotel Casino which will in turn increase the funds raising ability of SunTrust for the Main Hotel Casino.
- (3) **Minimising likelihood of SunTrust defaults in repayment of the Loan:** Given the Main Hotel Casino is at its infant stage of construction and development, the ability of SunTrust to raise funds for or in connection with the Main Hotel Casino, short term or long term, plays an important role in augmenting its business development which is in turn fundamental to its repayment ability (literally, the other side of the coin is minimising the likelihood of SunTrust making a default in repayment of the Loan). The Group and Suncity Group have solid experiences in fund raising exercises, are maintaining good and steady relationship with banks, financial institutions and investors of the gaming industry, all these can assist SunTrust, one way or the other, in its fund raising exercises, help increasing investors' interest in SunTrust if and when needed. As at the Latest Practicable Date, the Group has been assisting SunTrust in its obtaining of financing from banks and sharing the Group's experience with it in fund raising exercise.

LETTER FROM THE BOARD

RISK ASSESSMENT OF THE LOAN

The Company has reviewed its own working capital projection to ensure the granting of the Loan will not affect the Company's ordinary business operations. Out of the total net proceeds from the Rights Issue of HK\$1,618.4 million, the actual amount utilised up to the Latest Practicable Date was HK\$899 million in the subscription of the SunTrust CB and the remaining balance of HK\$719.4 million is placed on short-term interest-bearing deposits with licensed commercial banks.

In concluding that the Loan is a low risk loan and SunTrust has sufficient financial resources to repay the Loan when it falls due, the Company has performed the following due diligence exercises and considered the following factors:

- **Industry review:** The principal business of SunTrust is in the gaming industry of the Philippines. SunTrust is appointed as the sole and exclusive operator and manager of the Main Hotel Casino. The Company has conducted and caused to be conducted a review on the gaming industry in the Philippines. In board term, the Main Hotel Casino is strategically located and represents a sound investment project of SunTrust given the gaming industry in the Philippines has been displaying a year-on-year growth since 2017.
- **Debt financing review:** Apart from reviewing the industrial trend of the gaming industry in the Philippines, due diligence on the feasibility of raising debt financing and the terms thereof in respect of projects similar to the Main Casino Hotel has also been conducted by the Company. Set out below are the publicly available debt financing information of companies engaged in the gaming industry in the Philippines which has successfully carried out debt financing:

Name of companies	Bloomberry Inc.	PH Resorts Group Holdings, Inc.	Melco Crown (Philippines) Resorts Corporation <i>(Note)</i>
Borrowing amount	Bank borrowing of PHP9.87 billion (equivalent to approximately US\$204 million)	Bank borrowing of PHP900 million (equivalent to approximately US\$19 million)	Debt securities of PHP15 billion (equivalent to approximately US\$311 million)
Place of operations	Operating Solaire Resort & Casino in the Entertainment City, Manila, Philippines	Operating a hotel in Bohol, Philippines and constructing integrated tourism resort to be located in Mactan Island, Lapu-Lapu City, Cebu in the Philippines	Operating City of Dreams Manila in the Entertainment City, Manila, Philippines

LETTER FROM THE BOARD

Name of companies	Bloomberry Inc.	PH Resorts Group Holdings, Inc.	Melco Crown (Philippines) Resorts Corporation <i>(Note)</i>
Drawdown year	2012	2017	2014
Use of proceeds	To finance the construction of the hotel, gaming and entertainment facility, including but not limited to purchase of furniture, fixture and equipment and payment of consultants.	To fund the construction of integrated tourism resort.	To finance the development of City of Dreams Manila.
Term	Seven (7) years	One (1) year (extendable)	Due in 2019

Note: Melco Crown (Philippines) Resorts Corporation was delisted from PSE in 2018.

- **Financial position and resources:** After reviewing the financial position and resources of SunTrust in relation to the construction and development of the Main Hotel Casino including the payment schedule of the construction costs and the status of arrangement with banks and financial institutions regarding external loan financing, it is the understanding of the Company that SunTrust has been negotiating with seven financial institutions for external loan financing, where two executive Directors have discussed with the prospective financial institutions which are in contact with SunTrust for the provision of external financing.
- **Monitoring:** As disclosed in “Letter from the Board – Key Measures to Safeguard the Group’s Assets”, there is and will continue to be continuous monitoring by the Group in respect of matters for or in connection with the Main Hotel Casino, enabling, among other things, the Group to be informed of the progress and status of debt financing by SunTrust, say, whenever SunTrust enters into any new debt financing arrangements during the term of the Loan.
- **Use of proceeds from debt financing:** In the event of SunTrust succeeded in raising funds from external financings, the funds as may be raised will, among other applications, be applied to fulfill financial obligations.

LETTER FROM THE BOARD

- **Contingency financial support from substantial shareholder:** In case SunTrust fails to obtain external financing, financing support for SunTrust to effect repayment of the Loan will be provided from (a) the unsubscribed portion in the amount of HK\$628 million from the HK\$6,000 million 5.00% perpetual securities of Suncity (“**Perpetual Securities**”) subscribed by Star Hope Limited, a company wholly-owned by Mr. Chau; and (b) Mr. Chau for the remaining balance of HK\$329.9 million (including the Loan interest) pursuant to his undertaking to provide financial support to Suncity. For details, please refer to the “Appendix I – Financial information of the Group – 5. Sufficiency of working capital” as disclosed in the circular of Suncity dated 11 February 2021. The Company has reviewed, among others, the relevant Perpetual Securities documents, the letter of undertaking from Mr. Chau provided to Suncity for his intention to provide financial support to Suncity, and a list of assets of Mr. Chau to support that he has sufficient assets to provide financial support for Suncity.

REASONS FOR AND BENEFITS OF THE LOAN

SunTrust requires funding for the construction and development of the Main Hotel Casino of which it is the sole and exclusive operator and manager. The Loan will provide part of the necessary funding required by SunTrust for the construction and development of the Main Hotel Casino.

The continual impact of COVID-19 has affected the progress of the pre-construction phase, including design, procurement of construction materials, tendering and associated payments, of the Group’s Phase II development of Tigre de Cristal. Part of the available fund of the Group originally allocated for use in the Phase II development of Tigre de Cristal is not required for immediate use by the Group for the moment. The Loan provides the Group with an opportunity to earn interest income at the rate of 6% per annum for the moment. The rate of return of the Loan is way better than that as may be earned from fixed deposits with banks and financial institutions alike.

In relation to the utilisation timeline of the Loan proceeds in the construction and development of the Main Hotel Casino, all of the Loan proceeds is expected to be utilised in full in the fourth quarter of 2021. In relation to the specific use of the Loan proceeds in the construction and development of the Main Hotel Casino, the Loan proceeds in the amount of US\$9 million (equivalent to approximately HK\$70 million) is expected to be used in the consultancy services whereas US\$111 million (equivalent to approximately HK\$860 million) is expected to be used in the construction works provided by main contractors and subcontractors engaged or to be engaged by SunTrust.

In relation to the use of the Subscription proceeds of HK\$899 million, as at the Latest Practicable Date, the Subscription proceeds in the amount of US\$52 million (equivalent to approximately HK\$403 million) has been used to settle part of the Project Site payment in the amount of US\$200 million (equivalent to HK\$1,550 million) payable by SunTrust for the use of the Project Site and reimbursement of the costs incurred on the Project Site and construction works done on the Project Site. The remaining Subscription proceeds is expected to be utilised in full in the second quarter of 2021, with US\$9 million (equivalent to approximately HK\$70 million) expected to be used in the consultancy services whereas US\$55 million (equivalent to approximately HK\$426 million) expected to be used in the construction works provided by main contractors and subcontractors engaged or to be engaged by SunTrust. The use of the Subscription proceeds has been in line with the previous disclosure as stated in the circular of the Company dated 14 August 2020 (“**Rights Issue Circular**”).

LETTER FROM THE BOARD

Set out below is the intended timeline for the use of proceeds from the Rights Issue as disclosed in the Rights Issue Circular and the updated timeline to utilise the proceeds from the Rights Issue in accordance with the updated construction progress of the Group's Phase II development of Tigre de Cristal:

	Intended time period for the use of proceeds from the Rights Issue as disclosed in the Rights Issue Circular				Total Practicable Date	(Overspent)/ Utilised unutilised amount up amount up to the to the Latest Latest Practicable Practicable Date Date	
	2020		2021				
	2H	1H	2H	1H			
	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>		<i>HK\$m</i>	<i>HK\$m</i>
The Subscription	847.0	-	-	-	847.0	899.0	(52.0)
							<i>(Note 1)</i>
The Phase II development of Tigre de Cristal, including but not limited to,							
Procurement of construction materials	69.0	101.4	99.6	41.5			
Construction of buildings/facilities	10.1	25.2	35.3	30.2			
Interior fit-out	-	-	56.7	132.4			
	79.1	126.6	191.6	204.1	601.4	-	601.40
For general working capital of the Group, including but not limited to,							
(i) <i>Phase I, including:</i>							
Capital expenditures	48.0	10.0	10.0	10.0			
Repairs and maintenance	6.0	6.0	6.0	6.0			
Return of the refunded value-added tax	-	9.0	-	9.0			
(ii) <i>Pre-opening expenses for Phase II, including but not limited to,</i>							
Staff costs (training and employee relations)	-	-	-	30.0			
Security expenses	-	-	3.0	6.0			
Marketing expenses	-	-	3.0	8.0			
	54.0	25.0	22.0	69.0	170.0	-	170.00
Total intended use of proceeds in the respective time period	980.1	151.6	213.6	273.1	1,618.4	899.0	719.40

LETTER FROM THE BOARD

	Revised time period for the use of proceeds from the Rights Issue						Total HK\$'m	Original % of proceeds as stated in the Rights Issue Circular	Revised % of proceeds	
	2020	2021		2022		2023				
	2H	1H	2H	1H	2H	1H				
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m				
The Subscription	899.0	-	-	-	-	-	899.0	52.3%	55.5%	
The Loan	-	465.0	(465.0)	-	-	-	-	0.0%	0.0%	
			<i>(Note 2)</i>							
The Phase II development of Tigre de Cristal, including but not limited to,										
Procurement of construction materials		-	62.3	109.0	109.0	31.2				
Construction of buildings/facilities		-	20.1	35.3	35.3	10.1				
Interior fit-out		-	-	-	113.5	75.6				
	-	-	82.4	144.3	257.8	116.9	601.4	37.1%	37.1%	
For general working capital of the Group, including but not limited to,										
<i>(i) Phase I, including:</i>										
Capital expenditures		-	-	-	16.0	10.0				
Repairs and maintenance		-	6.0	6.0	6.0	6.0				
Return of the refunded value-added tax		-	-	9.0	-	9.0				
<i>(ii) Pre-opening expenses for Phase II, including but not limited to,</i>										
Staff costs (training and employee relations)		-	-	-	-	30.0				
Security expenses		-	-	-	3.0	6.0				
Marketing expenses		-	-	-	3.0	8.0				
	-	-	6.0	15.0	28.0	69.0	118.0	10.6%	7.4%	
Total revised use (inflow) of proceeds in the respective time period	899.0	465.0	(376.6)	159.3	285.8	185.9	1,618.4	100.0%	100.0%	

LETTER FROM THE BOARD

Notes

1. The overspending is due to the exchange difference.
2. The remaining balance of the Loan amounted to US\$60 million (equivalent to HK\$465 million) is funded by the internal resources of the Company.

As disclosed above, the continual impact of COVID-19 has affected the progress of the pre-construction phase, including design, procurement of construction materials, tendering and associated payments of the Group's Phase II development of Tigre de Cristal. Part of the available fund of the Group originally allocated for use in the Phase II development of Tigre de Cristal is not required for immediate use by the Group for the moment. The Loan provides an opportunity for the Group to earn interest income at the rate of 6% per annum for the moment. On the basis of the Loan being extended for an aggregate term of three months, the Loan will mature at the end of 2021 and the Group currently expects the payments for its Phase II development of Tigre de Cristal to be financed by the Loan proceeds will only become payable after the end of 2021 in accordance with the updated construction progress of its Phase II development of Tigre de Cristal.

Hence, the Company will have sufficient working capital to finance the construction costs of Phase II development of Tigre de Cristal on the basis of the Maturity Date of the Loan being extended for an aggregate term of three months.

Having considered the above, the Board (including the independent non-executive Directors as members of the Independent Board Committee whose recommendation is set out in the letter from the Independent Board Committee, after taking into account the advice from the Independent Financial Adviser) is of the view that the provision of the Loan and the terms of the Loan Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Being common directors of both the Company and Suncity, Mr. Chau and Mr. Lo are regarded as having a material interest (or as the case may be, potential conflict of interest) in the Loan Agreement and the transactions contemplated thereunder. At the meeting of the Board approving the Loan Agreement and the transactions contemplated thereunder, Mr. Chau was absent from the meeting and Mr. Lo had abstained from voting on the resolutions approving the Loan Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Chapter 14

On 30 December 2020, the SunTrust CB in the principal amount of PHP5,600,000,000 (equivalent to approximately HK\$899 million) was issued by SunTrust as issuer to SA Investments as subscriber. Given the Loan Agreement is entered into by the Group within 12 months of completion of the SunTrust CB and the counterparty is the same party (i.e. SunTrust), the transactions contemplated under the Loan Agreement are required to be aggregated with the SunTrust CB as required by Rule 14.22 in determining the requirements of Chapter 14 as are applicable to the Loan Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios in respect of the Loan, whether on their own or when aggregated with those applicable to the SunTrust CB, exceed 25% but is or are less than 100%, the Loan constitutes a major transaction for the Company under Chapter 14 and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14.

Chapter 14A

SunTrust is a connected person of the Company for being a 51% owned subsidiary of Suncity, which in turn is a controlling shareholder of the Company interested in, directly and indirectly, an aggregate of 69.66% of the Shares in issue.

Therefore, the Loan constitutes a connected transaction for the Company under Chapter 14A and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

Rule 13.13

As the size of the Loan exceeds 8% of the assets ratio defined under Rule 14.07(1), the Company is subject to the general disclosure obligations under Rule 13.13 to make an announcement containing the information specified in Rule 13.15 in respect of the Loan as soon as reasonably practicable after advancement of the Loan.

CHANGE IN USE OF PART OF THE NET PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the prospectus of the Company dated 18 September 2020 (the "**Prospectus**") and the announcement of the Company dated 14 October 2020 ("**Rights Issue Results Announcement**") in relation to the Rights Issue, which proceeded to completion on 15 October 2020.

The Prospectus and the Rights Issue Results Announcement originally indicated that approximately 37.1% of the net proceeds from the Rights Issue or HK\$601 million would be applied for Phase II development of Tigre de Cristal, which is the Group's gaming and hotel property in the IEZ Primorye of the Russian Far East.

As disclosed in "Letter from the Board – Reasons for and benefits of the Loan" in this circular, the continual impact of COVID-19 has affected the progress of the pre-construction phase, including design, procurement of construction materials, tendering and associated payments, in respect of the Group's Phase II development of Tigre de Cristal. Part of the net proceeds from the Rights Issue to the extent of US\$60,000,000 (equivalent to HK\$465,000,000) originally intended for use in the Phase II development of Tigre de Cristal ("**Original Portion for Tigre de Cristal**") is not required for immediate use by the Group for the moment.

Having considered the commercial benefits to the Group in deploying the Original Portion for Tigre de Cristal as Loan and generating interest income to the Group for the moment, the Board is of the view that the proposed change in use of the Original Portion for Tigre de Cristal as Loan is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The change in use of the Original Portion for Tigre de Cristal as Loan is subject to fulfillment of the Conditions Precedent, including Independent Shareholders' approval to the Loan Agreement and the transactions contemplated thereunder as disclosed in "Letter from the Board – The Loan Agreement – Conditions Precedent" in this circular.

LETTER FROM THE BOARD

The Russian government is swinging into action to launch mass vaccination programme against COVID-19 by using its own vaccine Sputnik V to help chart a way out of the crisis in the hope that its economy will burst back to life going forward. The staff in Tigre de Cristal has started to receive the free vaccination since the beginning of February 2021. The Board pins hope on the success of the vaccination programme in easing the impact of COVID-19 on the pre-construction phase of the Phase II development of Tigre de Cristal and helping to meet its original construction and development schedule. The Company will keep the Shareholders and its investors updated on status if and when appropriate.

SGM AND VOTING

The SGM will be convened and held at Jade Rooms V–VII, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 3 p.m. on Tuesday, 20 April 2021 to consider and, if thought fit, approve the Loan Agreement and the transactions contemplated thereunder.

At the SGM, any Shareholders with a material interest in the Loan Agreement and the transactions contemplated thereunder are required to abstain from voting on the proposed resolution to be put forwarded to the Independent Shareholders at the SGM for approving the Loan Agreement and the transactions contemplated thereunder. Suncity and its associate, Victor Sky Holdings Limited, each holding 123,255,000 Shares and 3,018,306,811 Shares respectively, will therefore be abstained from voting on the resolution approving the Loan Agreement and the transactions contemplated thereunder at the SGM. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholders are materially interested in the Loan Agreement and the transactions contemplated thereunder who are required to abstain from voting at the SGM on the resolution approving the Loan Agreement and the transactions contemplated thereunder.

A notice convening the SGM is set out on page SGM-1 to SGM-3 of this circular and a form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so desire.

In compliance with the Listing Rules, voting on the resolution to be proposed at the SGM will be conducted by way of poll.

RECOMMENDATION

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung, has been established to advise the Independent Shareholders as to whether (i) the terms of the Loan Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Loan Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular which contains its recommendation to the Independent Shareholders in relation to the Loan Agreement and the transactions contemplated thereunder, and the letter from Astrum set out on pages 22 to 38 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of Astrum, considers that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Loan Agreement, while not in the ordinary and usual course of business of the Group is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Loan Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

WARNING NOTICE

The Loan Agreement may or may not proceed as it is subject to satisfaction of the Conditions Precedent set out in “Letter from the Board – The Loan Agreement – Conditions Precedent” in this circular. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

Yours faithfully,
By order of the Board
Summit Ascent Holdings Limited
Chau Cheok Wa
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 102)

26 March 2021

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION: THE LOAN AGREEMENT

We refer to the circular of the Company dated 26 March 2021 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders in connection with the Loan Agreement and the transactions contemplated thereunder. Astrum has been appointed as the Independent Financial Adviser to advise us in this respect. We wish to draw your attention to the letter from the Board and the letter from Astrum as set out in the Circular.

Having considered the principal factors and reasons considered by, and the advice of, Astrum as set out in its letter of advice, we consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Loan Agreement, while not in the ordinary and usual course of business of the Group is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Loan Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Lam Kwan Sing
Independent
non-executive Director

Mr. Lau Yau Cheung
Independent
non-executive Director

Mr. Li Chak Hung
Independent
non-executive Director

LETTER FROM ASTRUM



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

26 March 2021

To the Independent Board Committee and
the Independent Shareholders of
Summit Ascent Holdings Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION: THE LOAN AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the “**Independent Board Committee**”) and the independent shareholders (the “**Independent Shareholders**”) of Summit Ascent Holdings Limited (the “**Company**”) in relation to the provision of the loan in the principal amount of US\$120,000,000 (equivalent to approximately HK\$930,000,000) (the “**Loan**”) by Summit Ascent Investments Limited (a direct wholly-owned subsidiary of the Company, “**SA Investments**”) to Suntrust Home Developers, Inc. (“**SunTrust**”). The details of the Loan were disclosed in the announcement of the Company dated 23 February 2021 (the “**Announcement**”) and in the letter from the board (the “**Letter from the Board**”) set out on pages 5 to 20 of the circular of the Company dated 26 March 2021 (the “**Circular**”) to its Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 23 February 2021, SunTrust (as borrower) entered into the Loan Agreement with SA Investments (as lender), pursuant to which SA Investments shall, subject to the Conditions Precedent, provide the Loan in the principal amount of US\$120,000,000 (equivalent to approximately HK\$930,000,000) to SunTrust. The Loan bears interest at a rate of 6% per annum, and will become mature on the date falling on the expiry of three months from the date of the disbursement of the Loan to SunTrust, extendable for successive terms of one month each subject to the aggregated term as may be extended shall not be more than three months (unless SA Investments otherwise agrees to a longer period in its sole and absolute discretion).

LETTER FROM ASTRUM

On 30 December 2020, the SunTrust CB in the principal amount of PHP5,600,000,000 (equivalent to approximately HK\$899 million) was issued by SunTrust as issuer to SA Investments as subscriber. Given the Loan Agreement is entered into by the Group within 12 months of completion of the SunTrust CB and the counterparty is the same party (i.e. SunTrust), the transactions contemplated under the Loan Agreement are required to be aggregated with the SunTrust CB as required by Rule 14.22 of the Listing Rules in determining the requirements of Chapter 14 of the Listing Rules as are applicable to the Loan Agreement and the transactions contemplated thereunder.

As one or more of the applicable percentage ratios in respect of the Loan, whether on their own or when aggregated with those applicable to the SunTrust CB, exceed(s) 25% but is or are less than 100%, the Loan constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SunTrust is a connected person of the Company for being a 51% owned subsidiary of Suncity, which in turn is a controlling shareholder of the Company interested in, directly and indirectly, an aggregate of 69.66% of the Shares in issue. Therefore, the Loan constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

At the SGM, any Shareholders with a material interest in the Loan Agreement and the transactions contemplated thereunder are required to abstain from voting on the proposed resolution to be put forwarded to the Independent Shareholders at the SGM for approving the Loan Agreement and the transactions contemplated thereunder. Suncity and its associate, Victor Sky Holdings Limited, each holding 123,255,000 Shares and 3,018,306,811 Shares respectively, will therefore be abstained from voting on the resolution approving the Loan Agreement and the transactions contemplated thereunder at the SGM. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholders are materially interested in the Loan Agreement and the transactions contemplated thereunder who are required to abstain from voting at the SGM on the resolution approving the Loan Agreement and the transactions contemplated thereunder.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung, has been established to make recommendations to the Independent Shareholders as to whether (i) the terms of the Loan Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Loan Agreement is in the interests of the Company and the Shareholders as a whole. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM ASTRUM

INDEPENDENCE DECLARATION

During the last two years, we have acted as (i) the independent financial adviser of Suncity, which is one of the controlling shareholder of the Company, in respect of certain connected transactions; (ii) the independent financial adviser of a listed company on the Stock Exchange, where Mr. Chau (who is the Chairman of the Board, a non-executive Director and a controlling shareholder of the Company) is the controlling shareholder, in respect of a connected transaction; and (iii) the independent financial adviser of a listed company on the Stock Exchange, where Mr. Cheng Ting Kong (who is a controlling shareholder of the Company) is the controlling shareholder, in respect of a connected transaction. As at the Latest Practicable Date, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, Suncity, SunTrust and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. Save as disclosed above, there was no other engagement between the Group, Suncity, SunTrust, Mr. Chau, Mr. Cheng Ting Kong and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the Loan, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Loan.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, *inter alia*, the Announcement, the Circular, the Loan Agreement, the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”) and the annual results announcement of the Company for the financial year ended 31 December 2020 (the “**2020 Annual Results Announcement**”). We have also reviewed certain information provided by the management of the Company (the “**Management**”) relating to the operations, financial conditions and prospects of the Group. We have also (i) considered such other information, analysis and market data which we deemed relevant; and (ii) conducted discussions with the Management regarding the entering into of the Loan Agreement, the businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

LETTER FROM ASTRUM

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have performed all necessary steps to enable us to reach an informed view regarding the terms of, and the reasons for entering into, the Loan Agreement and to justify our reliance on the information provided so as to provide a reasonable basis of opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Loan Agreement and the transactions contemplated thereunder. Except for the inclusion in the Circular, this letter shall not be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

Unless otherwise specified in this letter, (a) amounts denominated in US\$ have been converted to HK\$ at a rate of US\$1.0 to HK\$7.75; and (b) amounts denominated in HK\$ have been converted to PHP at a rate of HK\$1.0 to PHP6.2285.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Loan Agreement are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Group is principally engaged in the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region (the “**IEZ Primorye**”) in the Russian Federation. The gaming and hotel operations of the Group are conducted through its 77.5% equity interest in Oriental Regent Limited (“**ORL**”), an indirect non wholly-owned subsidiary of the Company. The Company is a 69.66% owned subsidiary of Suncity.

LETTER FROM ASTRUM

According to the 2020 Interim Report, the Group holds a gaming license granted by the Russian government for an indefinite period and the development rights on three adjacent parcels of land, namely Lot 8, Lot 9 and Lot 10 with site area of approximately 73,000 square meters, 90,000 square meters and 154,000 square meters respectively, in the 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 redesigns with the input of Suncity, the Group has been reviewing and finalizing the conceptual designs of the Tigre de Cristal Phase II development on Lot 10, and planning to commence the construction works in the fourth quarter of 2020, targeting an opening in 2022. This new integrated resort is expected to double the Group's VIP and mass gaming tables, slots, and have at least twice the lodging capacity of the existing property, and will include four restaurants and bars, additional retail offerings, and an indoor beach club and spa. The expected total development cost of the Phase II project is approximately US\$200 million (equivalent to approximately HK\$1,550 million). The Directors believe that the Phase II development of Tigre de Cristal will place the Group in a better position to attract and retain customers, especially when other casino operators in the IEZ Primorye open for business in the near future.

As announced on 1 June 2020, the Board proposed to raise approximately HK\$1,623.4 million before expenses by way of the Rights Issue on the basis of three rights shares for every two existing Shares at the subscription price of HK\$0.6 per rights share. The Company intended to apply the net proceeds from the Rights Issue in the following manner: as to (i) approximately 37.1% or HK\$601 million to the Phase II development of Tigre de Cristal; (ii) approximately 52.3% or HK\$847 million to the subscription of the SunTrust CB in the aggregate principal amount of up to PHP5.6 billion (equivalent to approximately HK\$847 million, based on the then exchange rate of PHP6.6142 to HK\$1.0), which is convertible into the shares of SunTrust at an initial conversion price of PHP1.8 per conversion share for an initial term of 5 years from the date of issue (extendable for a further term of 5 years); and (iii) approximately 10.6% or HK\$170 million for general working capital. The Rights Issue proceeded to completion on 15 October 2020. Please refer to the circular of the Company dated 14 August 2020 and the prospectus of the Company dated 18 September 2020 for further details of the Rights Issue.

According to the 2020 Annual Results Announcement, the Group had cash and bank balances of approximately HK\$1,562.3 million as at 31 December 2020, representing an increase of approximately 81.5% as compared to approximately HK\$860.7 million as at 31 December 2019. Such increase was mainly due to (i) the net proceeds of approximately HK\$1,618.4 million from the Rights Issue; and (ii) capital investment of approximately HK\$88.4 million from a non-controlling shareholder of ORL, which was partly set off by (i) the subscription of the SunTrust CB of PHP5.6 billion (equivalent to approximately HK\$904.6 million, based on the exchange rate of PHP6.1908 to HK\$1.0); (ii) the acquisition of further interest in ORL by cash consideration of approximately HK\$41.7 million; and (iii) the operating cash outflows of Tigre de Cristal for the year ended 31 December 2020 of approximately HK\$35.1 million primarily due to the negative impact of the COVID-19 pandemic on the business.

LETTER FROM ASTRUM

2. Information about SunTrust

According to the Letter from the Board, SunTrust is a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN). SunTrust is appointed as the sole and exclusive operator and manager to operate and manage the Main Hotel Casino. As at the Latest Practicable Date, SunTrust is a 51% owned subsidiary of Suncity, which is, in turn, directly and indirectly interested in approximately 69.66% of the Shares in issue.

As disclosed in the circular of Suncity dated 26 March 2020 (the “**Suncity Circular**”), SunTrust signed a lease agreement with Westside City Resorts World Inc. and Travellers International Hotel Group, Inc. on 21 February 2020 in relation to the Project Site for the construction, development, operation and management of the Main Hotel Casino. The Main Hotel Casino will encompass (i) 5-Star hotel with at least four hundred (400) rooms, the standard room size of which shall not be less than 34 square meters; (ii) casino establishment with approximately four hundred (400) gaming tables and one thousand two hundred (1,200) slot machines for both mass and VIP markets; and (iii) nine hundred sixty (960) car parking slots for the hotel and casino establishment to be erected at the Project Site. Further details are set out in the Suncity Circular. According to the announcement of Suncity dated 21 February 2021, the Main Hotel Casino is expected to commence operations in 2023.

As mentioned in the section headed “*1. Information on the Group*” above, the Company intended to apply part of the net proceeds from the Rights Issue in the amount of approximately HK\$847 million to the Subscription. The Board considered that the Subscription allows the Company to diversify the Group’s asset base and enter into a new developing geographical market, and the Subscription is the best available option to achieve the Group’s purpose of diversification after taking into account, among others, (i) the accessibility of gaming license since not all Asian jurisdictions are planning to issue new gaming licenses, (ii) the scale of the investment as the Group cannot afford to buy the controlling interest in a sizeable integrated resort subject to the Group’s own total asset value and human resources, (iii) whether a sound legal and regulatory framework and the sophisticated rules for the gaming industry have been developed by the regulatory authorities, (iv) the potential competition, (v) the certainty on timeframe and (vi) the collaboration with business partners, like gaming promoters and travel agents. The Subscription was duly approved by the then independent Shareholders at the special general meeting of the Company held on 7 September 2020. Completion of the Subscription of the SunTrust CB in the aggregate principal amount of PHP5.6 billion (equivalent to approximately HK\$899 million) subsequently took place on 30 December 2020.

According to the Letter from the Board, as at the Latest Practicable Date, the Subscription proceeds in the amount of US\$52 million (equivalent to approximately HK\$403 million) has been used to settle part of the Project Site payment in the amount of US\$200 million (equivalent to approximately HK\$1,550 million) payable by SunTrust for the use of the Project Site and reimbursement of the costs incurred on the Project Site and construction works done on the Project Site. The remaining Subscription proceeds is expected to be utilised in full in the second quarter of 2021, with US\$9 million (equivalent to approximately HK\$70 million) expected to be used in the consultancy services whereas US\$55 million (equivalent to approximately HK\$426 million) expected to be used in the construction works provided by main contractors and subcontractors engaged or to be engaged by SunTrust.

LETTER FROM ASTRUM

3. Background of, reasons for, and benefits of the entering into of the Loan Agreement

The Group is principally engaged in the operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation.

As mentioned in the section headed “1. Information on the Group” above, the Company intended to apply part of the net proceeds from the Rights Issue in the amount of HK\$601 million to the Phase II development of Tigre de Cristal, the construction works of which were expected to commence in the fourth quarter of 2020. Nevertheless, due to the continual impact of the COVID-19, the progress of the pre-construction phase, including design, procurement of construction materials, tendering and associated payments, of the Group’s Phase II development of Tigre de Cristal has been affected. The following table sets forth the latest expected timetable of the use of proceeds from the Rights Issue for the construction of Phase II development of Tigre de Cristal:

	2021 2H <i>HK\$ million</i>	2022 1H <i>HK\$ million</i>	2022 2H <i>HK\$ million</i>	2023 1H <i>HK\$ million</i>	Total <i>HK\$ million</i>
The Phase II development of Tigre de Cristal, including but not limited to:					
– Procurement of construction materials	62.3	109.0	109.0	31.2	311.5
– Construction of buildings/facilities	20.1	35.3	35.3	10.1	100.8
– Interior fit-out	–	–	113.5	75.6	189.1
	82.4	144.3	257.8	116.9	601.4
	82.4	144.3	257.8	116.9	601.4

Accordingly, the fund originally intended for use for Phase II development of Tigre de Cristal in an amount of US\$200 million (equivalent to approximately HK\$1,550 million) (including part of the net proceeds from the Rights Issue to the extent of US\$60 million (equivalent to approximately HK\$465 million)) (the “**Phase II Development Fund**”) is idle in bank bearing minimal interest at a rate of 0.72% per annum on average.

LETTER FROM ASTRUM

In late January 2021, the Company (being the holder of the SunTrust CB) was informed by SunTrust that it was in the course of negotiation with several banks and/or financial institutions for the provision of bank loan in the amount of not less than US\$700 million (equivalent to approximately HK\$5,425 million) for the purpose of financing the construction and development of the Main Hotel Casino of which SunTrust is the sole operator and manager. However, in view of the significant loan size, it is expected that it would take three to six months for SunTrust to negotiate with banks and/or financial institutions and subsequently finalize the terms of bank loan. In this regard, SunTrust enquired with the Company for the possibility of the provision of a loan in the amount of US\$120 million (equivalent to approximately HK\$930 million) with an interest rate of 6% per annum for financing the construction and development of the Main Hotel Casino during the period before SunTrust could successfully obtain the bank loan. According to the Letter from the Board, the Loan proceeds in the amount of US\$9 million (equivalent to approximately HK\$70 million) is expected to be used in the consultancy services whereas US\$111 million (equivalent to approximately HK\$860 million) is expected to be used in the construction works provided by main contractors and subcontractors engaged or to be engaged by SunTrust. It is expected that the Loan proceeds will be utilised in full in the fourth quarter of 2021.

With the Phase II Development Fund being idle in bank, the Company considers that the Loan provides the Group with an opportunity to earn interest at a rate of 6% per annum for the moment, and the rate of return of the Loan is way better than that as may be earned from fixed deposits with banks and financial institutions alike. On the basis of the Loan being extended for an aggregate term of three months, the Loan will mature by the end of 2021 and the Group currently expects that the payments for its Phase II development of Tigre de Cristal to be financed by the Loan proceeds will only become payable after the end of 2021 in accordance with the updated construction progress of its Phase II development of Tigre de Cristal. The Company believes that the provision of the Loan would not hinder the development schedule of Phase II development of Tigre de Cristal, and considers that the provision of the Loan is in the interests of the Company and the Shareholders as a whole. More importantly, the Directors consider the Main Hotel Casino, where the Loan proceeds will be applied to, as a sound investment project. According to the annual reports of the Philippines Amusement and Gaming Corp (a state-run gaming regulator and operator), gaming revenue in the Philippines increased from approximately PHP59.9 billion for the financial year ended 31 December 2017 to approximately PHP67.9 billion for the financial year ended 31 December 2018, and further to approximately PHP75.8 billion for the financial year ended 31 December 2019, representing a compound annual growth rate of approximately 12.5%. The Directors are of the view that the prospect of the gaming industry in the Philippines, and thus the future performance of the Main Hotel Casino, are optimistic, and that the Subscription is in the interests of the Company and the Shareholders as a whole. As the holder of the SunTrust CB, the Company might consider to exercise the conversion right attaching to the SunTrust CB and become a shareholder of SunTrust to enjoy the benefits directly from the success of SunTrust should it performs well after the operation of the Main Hotel Casino. Accordingly, the Group's interest, to a certain extent, aligns with the financial performance of SunTrust. Having considered the above, we concur with the Directors' view that the provision of the substantial financial assistance to SunTrust by way of the Subscription and the Loan in an aggregate amount of approximately HK\$1,829 million is in the interests of the Company and the Shareholders as a whole.

LETTER FROM ASTRUM

We have obtained from the Management the unaudited balance sheet of the Company as at 31 January 2021, and noted that the Group's cash and bank balances amounted to approximately HK\$1,551.7 million. After deducting the Loan amount of US\$120 million (equivalent to approximately HK\$930 million), the Directors advised us that the Group still maintains sufficient working capital for its daily operation. Having considered the facts that (i) the Phase II Development Fund is not required for immediate use by the Group in the meantime and is currently idle in bank bearing minimal interest; (ii) on the basis of the Loan being extended for an aggregate term of three months, the Loan will mature at the end of 2021 and the Group currently expects that the payments for its Phase II development of Tigre de Cristal to be financed by the Loan proceeds will only become payable after the end of 2021 in accordance with the updated construction progress of its Phase II development of Tigre de Cristal; (iii) the provision of the Loan would not hinder the development schedule of Phase II development of Tigre de Cristal; and (iv) the Group still maintains sufficient working capital for its daily operation after deducting the Loan amount of US\$120 million (equivalent to approximately HK\$930 million), we are of the view that the Company will have sufficient working capital to finance the construction costs of Phase II development of Tigre de Cristal, and that the provision of the Loan will not bring material adverse impact on the Group's working capital and liquidity.

In addition, as disclosed in the Letter from the Board, there is and will continue to be continuous monitoring by the Group in respect of matters for or in connection with the Main Hotel Casino, enabling, among other things, the Group to be informed of the progress and status of debt financing by SunTrust, say, whenever SunTrust enters into any new debt financing arrangements during the term of the Loan. In the event of SunTrust succeeded in raising funds from external financings, the funds as may be raised will, among other applications, be applied to fulfill financial obligations. Furthermore, in case SunTrust fails to obtain external financing, financing support for SunTrust to effect repayment of the Loan will be provided from (a) the unsubscribed portion in the amount of HK\$628 million from the HK\$6,000 million 5.00% perpetual securities of Suncity (the "**Perpetual Securities**") subscribed by Star Hope Limited ("**Star Hope**"), a wholly-owned company of Mr. Chau; and (b) Mr. Chau for the remaining balance of HK\$329.9 million (including the Loan interest) pursuant to his undertaking to provide financial support to Suncity. For further details, please refer to the "Appendix I – Financial information of the Group – 5. Sufficiency of working capital" as disclosed in the circular of Suncity dated 11 February 2021. As part of due diligence, we have obtained from the Company and reviewed the relevant Perpetual Securities documents and the letter of undertaking from Mr. Chau provided to Suncity for his intention to provide financial support to Suncity, and were given to understand that the Company has reviewed a list of assets of Mr. Chau to support that he has sufficient assets to provide financial support for Suncity. We are of the view that the financing support from Suncity and Mr. Chau provides further assurance as to the repayment ability of SunTrust and that the interests of the Company is further safeguarded.

LETTER FROM ASTRUM

Having taken into account the facts that (i) the Loan provides the Group with an opportunity to earn interest at a rate of 6% per annum during the period the Phase II Development Fund is not required for immediate use; (ii) the rate of return of the Loan is way better than that as may be earned from fixed deposits with banks and financial institutions alike; (iii) on the basis of the Loan being extended for an aggregate term of three months, the Loan will mature at the end of 2021 and the Group currently expects that the payments for its Phase II development of Tigre de Cristal to be financed by the Loan proceeds will only become payable after the end of 2021 in accordance with the updated construction progress of its Phase II development of Tigre de Cristal, and it is believed that the provision of the Loan would not hinder the development schedule of Phase II development of Tigre de Cristal; (iv) the Group still maintains sufficient working capital for its daily operation after deducting the Loan amount of US\$120 million (equivalent to approximately HK\$930 million); (v) the financing support from Suncity and Mr. Chau provides further assurance as to the repayment ability of SunTrust; and (vi) the terms of the Loan Agreement (including the interest rate) are fair and reasonable so far as the Independent Shareholders are concerned (please refer to our analysis as detailed in the section headed “4. *Principal terms of the Loan Agreement*” below), we concur with the Directors’ view that the entering into of the Loan Agreement is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Loan Agreement

Date:	23 February 2021 (after trading hours)
Parties:	(1) SunTrust (as borrower); and (2) SA Investments (as lender)
Principal amount:	US\$120,000,000 (equivalent to approximately HK\$930,000,000)
Application of the Loan:	To fund the construction and development of the Main Hotel Casino of which SunTrust is the sole operator and manager
Taxes or other charges:	All applicable taxes and other charges as a result of the Loan are to be payable by SunTrust
Interest rate:	Six percent (6%) per annum In determining the interest rate of the Loan and its fairness and reasonableness, the Company has taken into account the following factors: (1) current three-month Hong Kong dollars saving rate of the time deposits at the average rate of 0.72% in Hong Kong;

LETTER FROM ASTRUM

- (2) borrowing rate in US\$ ranging from 6.0% to 6.5% as quoted from a bank in the Philippines for the same size of loan and for the same loan tenor; and
- (3) 5-year-term SunTrust CB's interest rate at the rate of 6% per annum.

On the above basis, the interest rate of the Loan is considered by the Directors as being fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

Default interest rate:

Eight percent (8%) per annum.

Availability period:

Within thirty (30) days from the date of fulfillment of all the Conditions Precedent (or such longer period as SA Investments may in its sole and absolute discretion think fit)

Maturity date:

Three months from the date of the disbursement of the Loan to SunTrust

The Maturity Date may upon application by SunTrust in writing to SA Investments be extended for successive terms of one (1) month each subject to the aggregated term as may be extended shall not be more than three (3) months (unless SA Investments otherwise agrees to a longer period in its sole and absolute discretion), and in respect of each extension upon and subject to such terms and conditions as SA Investments may in its sole and absolute discretion impose.

If the Maturity Date is to be extended for successive terms of more than three months, the Company will comply with the applicable reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

LETTER FROM ASTRUM

Repayment:

The Loan together with all interest accrued thereon and all amounts due and owing under the Loan Agreement shall be repaid in full by SunTrust the earlier of:

- (i) the Maturity Date or the extended Maturity Date as may be extended in accordance with the Loan Agreement; and
- (ii) forthwith upon the occurrence of an Event of Default.

Please refer to the section headed “THE LOAN AGREEMENT” in the Circular for further details of the Loan Agreement.

As advised by the Company, the terms of the Loan Agreement (including the interest rate) were determined after arm’s length negotiations between the parties of the Loan Agreement and after taking into account, among others, the prevailing market interest rates and practices.

In assessing the fairness and reasonableness of the terms of the Loan Agreement, we have compared the terms of the Loan with that of the loans provided by the companies listed on the Stock Exchange (or through its subsidiaries) to connected person(s). In view of the feature of the Loan (particularly with term to maturity of six months (on the basis of the Maturity Date being extended for an aggregated term of three months) and the principal amount of US\$120 million (equivalent to HK\$930 million)), we attempted to identify loan provided by the companies listed on the Stock Exchange (or through its subsidiaries) to connected person(s) which (i) the term to maturity is not more than one year; (ii) the principal amount of the loan is higher than HK\$500 million; and (iii) companies initially announced the loans during the 3-month period immediately before the date of the Loan Agreement. Nevertheless, to the best of our knowledge and as far as we are aware of, we could only locate a loan provided by a subsidiary of Joy City Property Limited (stock code: 207) which met the said criteria. In this regard, we have relaxed the selection criteria to all loans provided by companies listed on the Stock Exchange (or through its subsidiaries) to connected person(s) which (i) the term to maturity is not more than one year; and (ii) companies initially announced the loans during the 6-month period immediately before the date of the Loan Agreement. To the best of our knowledge and as far as we are aware of, we have identified an exhaustive list of 16 comparable loans (the “**Comparable Loans (All)**”) which met the said criteria and had not lapsed as at the Latest Practicable Date. We have reviewed the relevant announcements in respect of the Comparable Loans (All) and noted therefrom that the Comparable Loans (All), if mentioned, were applied for the development and operation of the borrowers (including but not limited (i) the research and development of new products; (ii) the payment of construction expenditures; and (iii) the general working capital). We consider that a review period of six months is appropriate to capture the recent market practice in respect of the provision of loans to connected persons under the current market condition and sentiment and on the other hand, provide sufficient sample size for analysis purpose.

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Shareholders should note that (i) the businesses, operations and prospects of the Company are not the same as the relevant listed companies providing the Comparable Loans (All); and (ii) the credit risk of SunTrust might not be the same as that of the borrowers of the Comparable Loans (All), which were not fully disclosed in the relevant announcements of the listed companies, and thus the comparison of the principal terms of the Loan with that of the Comparable Loans (All) may not represent an identical comparison. We, however, consider that such comparison could be treated as an indication as to the fairness and reasonableness of the Loan. The relevant details of the Comparable Loans (All) are set forth in Table 1 below:

Table 1: Details of the Comparable Loans (All)

Date of announcement	Name of Company	Stock code	Issue size (HK\$ million)	Interest rate per annum (%)	Term to maturity (in months)	Security/ collaterals (Y/N)
19/02/2021	Wuling Motors Holdings Limited	305	300.0 (Notes 1)	2.50	12.0 (Note 8)	N
01/02/2021	Lee's Pharmaceutical Holdings Limited	950	52.5 (Notes 1, 2 & 3)	4.00	12.0	N
29/01/2021	Sany Heavy Equipment International Holdings Company Limited	631	360.0 (Note 1)	4.15	6.0	Y
15/01/2021	Baiying Holdings Group Limited	8525	10.0 (Note 1)	5.0	11.0	N
30/12/2020	Shoucheng Holdings Limited	697	22.7 (Note 1)	6.88	8.0 (Note 4)	N
24/12/2020	Joy City Property Limited	207	1,320.0 (Note 1)	0.35 (Notes 5 & 6)	12.0	N
02/12/2020	HC Group Inc.	2280	60.0 (Note 1)	8.00	12.0	N
18/11/2020	Lee's Pharmaceutical Holdings Limited	950	76.1	4.00	12.0 (Note 7)	N
16/11/2020	Sany Heavy Equipment International Holdings Company Limited	631	120.0 (Note 1)	3.85	6.0	Y
22/10/2020	AviChina Industry & Technology Company Limited	2357	86.0	7.00	12.0	N
25/09/2020	Lee's Pharmaceutical Holdings Limited	950	18.0	4.00	12.0	N
14/09/2020	Baiying Holdings Group Limited	8525	40.6 (Note 1)	6.00	Repayable on demand	N
14/09/2020	Baiying Holdings Group Limited	8525	6.4 (Note 1)	5.00	Repayable on demand	N
14/09/2020	China Glass Holdings Limited	3300	27.9 (Note 2)	7.00	12.0	N

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Date of announcement	Name of Company	Stock code	Issue size (HK\$ million)	Interest rate per annum (%)	Term to maturity (in months)	Security/collaterals (Y/N)
11/09/2020	Shangri-La Asia Limited	69	38.8 (Note 2)	4.00	Repayable on demand	N
03/09/2020	China Chengtong Development Group Limited	217	36.0 (Note 1)	6.00	12.0	N
		Maximum:		8.00 (Note 6)	12.0	
		Minimum:		2.50 (Note 6)	6.0	
		Median:		5.00 (Note 6)	12.0	
		Average:		5.16 (Note 6)	10.7	
	The Loan:		930.0 (Note 2)	6.00	6.0	Y

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

- For the purpose of illustration, the amounts denominated in RMB, the official currency of the PRC, have been converted into HK\$ at an exchange rate of RMB1.00=HK\$1.20.
- For the purpose of illustration, the amounts denominated in US\$ have been converted into HK\$ at an exchange rate of US\$1.00=HK\$7.75.
- According to the announcement of Lee's Pharmaceutical Holdings Limited (stock code: 950) ("Lee's Pharmaceutical") dated 1 February 2021, the principal amount of the loans provided by a subsidiary of Lee's Pharmaceutical comprised US\$6 million and RMB5 million.
- According to the announcement of Shoucheng Holdings Limited (stock code: 697) dated 30 December 2020, the term of the loan may be shortened or extended by mutual agreement between the lender and the borrower, provided that the term shall not exceed eight months from the drawdown date. For our analysis purpose, we assume the maturity of the loan is 8 months.
- According to the announcement of Joy City Property Limited (stock code: 207) ("Joy City") dated 24 December 2020, the interest rate for the loan shall be determined with reference to the prevailing benchmark interest rate for demand deposits in the PRC as promulgated by the People's Bank of China from time to time. According to the website of the People's Bank of China, the interest rate for demand deposits in the PRC is 0.35% per annum as at the Latest Practicable Date. For our analysis purpose, we assume the interest rate of the loan is 0.35% per annum.
- As the interest rate of the loan provided by a subsidiary of Joy City is exceptionally low as compared with those of other Comparable Loans (All), we consider that the interest rate of the loan provided by a subsidiary of Joy City is an outlier and have excluded it from our analysis for the interest rate represented by the Comparable Loans (All).
- According to the announcement of Lee's Pharmaceutical dated 18 November 2020, the term of the five shareholder loans are extended from their respective original maturity dates (i.e. 18 November 2020, 23 March 2021, 13 June 2021, 18 July 2021 and 26 September 2021) to 17 November 2021, with a range of approximately 2 months to 12 months. For our analysis purpose, we assume the maturity of the loans is 12 months.
- According to the announcement of Wuling Motors Holdings Limited (stock code: 305) dated 19 February 2021, the maturity date of the loan shall be the date falling on the first anniversary from the drawdown date or the date of completion of share registration when the lender converts the loan into equity interest in the borrower if the lender exercises the conversion right. For our analysis purpose, we assume the maturity of the loan is 12 months.

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(i) Interest rate

Among the Comparable Loans (All), we noted that the interest rate of the loan provided by a subsidiary of Joy City is exceptionally low as compared with those of other Comparable Loans (All). Therefore, we consider that the interest rate of the loan provided by a subsidiary of Joy City is an outlier. To avoid distortion to the overall comparable analysis due to the abnormality of such result, the interest rate of the loan provided by a subsidiary of Joy City has been excluded in our analysis.

As shown in Table 1 above, the interest rates of the Comparable Loans (All) range from 2.50% to 8.00%, with a median of 5.00% and an average of approximately 5.16%. The interest rate of the Loan of 6.00% is within the range and higher than the average and median of the interest rates of the Comparable Loans (All).

Furthermore, as mentioned in the Letter from the Board, in case SunTrust fails to obtain external financing, financing support for SunTrust to effect repayment of the Loan will be provided from (a) the unsubscribed portion in the amount of HK\$628 million from the Perpetual Securities subscribed by Star Hope; and (b) Mr. Chau for the remaining balance of HK\$329.9 million (including the Loan interest) pursuant to his undertaking to provide financial support to Suncity. As shown in Table 1 above, only two out of sixteen of the Comparable Loans (All) (i.e. loans provided by a subsidiary of Sany Heavy Equipment International Holdings Company Limited (stock code: 631) as announced on 16 November 2020 and 29 January 2021) were secured loans (the “**Secured Comparable Loans**”) with interest rate of 3.85% and 4.15% per annum, respectively. The interest rate of the Loan of 6.00% is higher than that of the Secured Comparable Loans.

In addition to the interest rates of the Comparable Loans (All), we have compared the interest rates of the Loan with the benchmark interest rate in Hong Kong. The best lending rate as quoted by the Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) is commonly used as a reference for determining the interest rate of new loans. According to the website of HSBC, the best lending rate in Hong Kong dollar was 5.00% as at the Latest Practicable Date.

In the last three financial years, the Group did not have any interest-bearing borrowings obtained from banks.

Having considered that the interest rate of the Loan of 6.00% (i) is within the range and higher than the average and median of the interest rates of the Comparable Loans (All); (ii) is higher than the interest rates of the Secured Comparable Loans; and (iii) is higher than the best lending rate in Hong Kong dollar as quoted by HSBC, we consider that the interest rate of the Loan is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

(ii) Term to maturity

As shown in Table 1 above, the terms to maturity of the Comparable Loans (All) range from 6.0 months to 12 months, with a median of 12.0 months and an average of approximately 10.7 months. The term of the Loan of 6.0 months is within the range of that of the Comparable Loans (All).

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In view of the above, coupled with the fact that on the basis of the Loan being extended for an aggregate term of three months, the Loan will mature at the end of 2021 and the Group expects that the payments for its Phase II development of Tigre de Cristal to be financed by the Loan proceeds will only become payable after the end of 2021 in accordance with the updated construction progress of its Phase II development of Tigre de Cristal, we are of the view that the term of the Loan is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(iii) Conclusion

Having considered the above, we are of the view that the terms of the Loan Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Loan Agreement is in the interests of the Company and the Shareholders as a whole.

5. Financial effects

(i) Effect on liquidity and working capital

According to the unaudited balance sheet of the Company as at 31 January 2021, the Group's bank balances and cash amounted to approximately HK\$1,551.7 million. The provision of the Loan from the Group to SunTrust will reduce the Group's bank balances and cash by US\$120 million (equivalent to approximately HK\$930 million). Having considered the Phase II Development Fund is not required for immediate use by the Group in the meantime and is currently placed on short-term interest bearing deposits with licensed commercial banks in Hong Kong, we are of the view that the Group still maintains sufficient working capital for its daily operation.

(ii) Effect on earnings

Given the Loan bears interest at a rate of 6% per annum, the Loan will generate the interest income of US\$3.6 million (equivalent to approximately HK\$27.9 million) to the Company for a period of six months, on the basis of the Maturity Date being extended for an aggregated term of three months. As such, the entering into of the Loan Agreement is expected to have a positive impact on the financial performance of the Group.

(iii) Effect on the net assets

According to the unaudited balance sheet of the Company as at 31 January 2021, the unaudited net assets of the Group were approximately HK\$3,727.6 million. It is expected that the Group's bank balances and cash will be decreased by US\$120 million (equivalent to approximately HK\$930 million) while the item "loan to a fellow subsidiary" under the current assets of the Group will be increased by the same amount. Hence, the net assets of the Group will remain unchanged accordingly.

LETTER FROM ASTRUM

OPINION

Having taken into account the above principal factors and reasons, we consider that notwithstanding that the entering into of the Loan Agreement is not in the ordinary and usual course of business of the Group, the terms of the Loan Agreement are on normal commercial terms, fair and reasonable, and the entering into of the Loan Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the relevant resolution at the SGM to approve the entering into of the Loan Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

Astrum Capital Management Limited

Hidulf Kwan

Rebecca Mak

Managing Director

Director

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

Ms. Rebecca Mak has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2011 and has participated in and completed various independent financial advisory transactions.

1. FINANCIAL SUMMARY

A summary of the financial information with respect to the profits and losses, financial record and position of the Group for the three financial years ended 31 December 2019 is set out in a comparative table on page 141 of the annual report of the Company for the year ended 31 December 2019.

The audited financial statements of the Group for the three years ended 31 December 2019 together with the notes thereto are contained in the annual report of the Company for the three years ended 31 December 2019 and the audited financial statements of the Group for the year ended 31 December 2020 together with the notes thereto are contained in the annual results announcement of the Company for the year ended 31 December 2020 published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<https://www.saholdings.com.hk/>) and are incorporated in this circular by way of reference:

- a. please see below a link to the audited consolidated financial statements of the Group for the year ended 31 December 2017:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0425/ltm20180425769.pdf>
- b. please see below link to the audited consolidated financial statements of the Group for the year ended 31 December 2018:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltm201904291146.pdf>
- c. please see below link to the audited consolidated financial statements of the Group for the year ended 31 December 2019:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0422/2020042200696.pdf>
- d. please see below link to the audited consolidated financial statements of the Group for the year ended 31 December 2020:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0323/2021032301687.pdf>

2. STATEMENT OF INDEBTEDNESS**The Group**

As at 31 January 2021, being the latest practicable date for the purpose of ascertaining this indebtedness statement prior to the printing of this circular, the Group had unsecured and unguaranteed indebtedness comprising (i) loans from non-controlling shareholders of a subsidiary of the Group with a principal amount of approximately HK\$190,647,000 and (ii) convertible bond payable with a principal amount of approximately HK\$23,250,000.

As at 31 January 2021, the Group had outstanding lease liabilities in respect of leasehold land and buildings of approximately HK\$6,159,000 comprising (i) secured and unguaranteed lease liabilities of approximately HK\$2,086,000, which were secured by rental deposits paid by the Group; and (ii) unsecured and unguaranteed lease liabilities of approximately HK\$4,073,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at 31 January 2021, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilised banking facilities, bank overdrafts, hire purchase commitments or other similar indebtedness, liabilities under acceptances, acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees, or other contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed there has not been any material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources available to the Group including but not limited to loans from non-controlling shareholders of a subsidiary of the Group, revenue generated by its principal businesses and cash and cash equivalents on hand, the working capital available to the Group is sufficient for the Group's requirements for at least twelve months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in operation of hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region ("**IEZ Primorye**") in the Russian Federation, known as Tigre de Cristal, which is currently the only operating and reportable segment of the Group as disclosed in the annual results announcement of the Company for the year ended 31 December 2020.

The COVID-19 pandemic has had a major impact on the gaming industry on an international level, which has led to the closure of many land-based casinos including Tigre de Cristal. As set out in the voluntary announcement of the Company dated 15 July 2020, Tigre de Cristal is allowed to be reopened for business from 16 July 2020 onwards after its temporary suspension of gaming operations since 28 March 2020 in accordance with the precautionary measures recommended by the Russian government. The Russian government is swinging into action to launch mass vaccination programme against COVID-19 by using its own vaccine Sputnik V to help chart a way out of the crisis in the hope that its economy will burst back to life going forward. The staff in Tigre de Cristal has started to receive the free vaccination since the beginning of February 2021.

Despite the uncertainties of the global economic outlook and the existing challenging global environment, the Group is prudently optimistic about the prospects of the hotel and gaming business in the IEZ Primorye and believes the market will continue to grow in the long run. The Group expects more integrated resort operators will come to the IEZ Primorye and the Group will invite more traditional VIP room promoters to the property and believes that they will follow the Group's lead into the Russian market. This is in line with the Group's strategy to move up the VIP value chain, together with more lodging, gaming choices, and amenities in the zone which will increase the draw for both VIP and mass customers.

As disclosed in the joint announcements of the Company and Suncity dated 30 October 2020 and 16 November 2020, the Group has completed (1) the acquisition of (i) 3,500 shares of Oriental Regent Limited (“**ORL**”), an indirect non wholly-owned subsidiary of the Company and the sole owner of Tigre de Cristal, and US\$1,892,275 shareholder’s loan to ORL from Sharp Way Group Limited; and (ii) 7,000 shares of ORL and US\$3,784,550 shareholder’s loan to ORL from Joyful Happiness Limited (the “**ORL Shares Acquisitions**”); and (2) the subscription of 234,755 new shares of ORL (the “**ORL Shares Subscription**”). Upon completion of the ORL Shares Acquisitions and the ORL Shares Subscription, the Group’s interest in ORL increased from 60% to 77.5% and the ORL Shares Subscription provided the additional capital for the Phase II development of Tigre de Cristal in the IEZ Primorye. This new integrated resort is expected to double the VIP and mass gaming tables, slots, and have at least twice the lodging capacity of its first property. The plans include four restaurants and bars, additional retail offerings, and an indoor beach club and spa. The Group will firmly grasp the development opportunities in Tigre de Cristal although its enhancements have been inevitably slowed by the delays in the progress of the pre-construction phase, including design, procurement of construction materials, tendering and associated payments, caused by the COVID-19 outbreak.

Meanwhile, it is the Group’s business strategies to continue enhancing and expanding its geographical coverage by adopting a prudent investment approach to consider all potential mergers or acquisitions opportunities or cooperation with strong potential partners to strengthen its position in the operation of hotel and gaming business industry that maximizes shareholders’ returns in the long term. The Company has been considering expediting its expansion in other overseas markets to further broaden its sources of income. The investment in the SunTrust CB marked the first step towards establishing the Group’s footprint in the casino and entertainment market of the Philippines and allowing the Group to tap into this growing market as well as providing synergies to the overall tourism-related business in partnership with SunTrust and Suncity. In order to materialize the further development of the Group, and to strike a balance between risk and revenue to achieve the long-term development objectives of the Group, the Directors will review the performance and prospects of the Group’s investments and businesses regularly and may explore other expansion and/or diversification opportunities in order to enhance the long-term growth potential of the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests in the Company or its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to (i) Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, were as follows:

(i) Long positions in the Shares and/or the underlying Shares of the Company

Name of Director	Capacity/ nature of interest	Number of Shares held	Number of underlying Shares held under equity derivatives	Total	Percentage of the issued share capital of the Company (Note 1)
Mr. Chau Cheok Wa ("Mr. Chau")	Interest of controlled corporations	3,141,561,811 (Note 2)	–	3,141,561,811	69.66%
Dr. U Chio Ieong	Beneficial owner	40,906,000	–	40,906,000	0.90%
Mr. Li Chak Hung	Beneficial owner	400,000	937,500 (Note 3)	1,337,500	0.02%
Mr. Lau Yau Cheung	Beneficial owner	–	937,500 (Note 3)	937,500	0.02%

Notes:

- The percentage has been calculated based on the total number of Shares of the Company in issue as at the Latest Practicable Date (i.e. 4,509,444,590 Shares).

2. These Shares are held by the controlled corporations of Mr. Chau, namely, (a) Suncity, which holds 123,255,000 Shares, in which Mr. Chau has 50% interest and Mr. Cheng Ting Kong has 50% interest; and (b) Victor Sky Holdings Limited (“**Victor Sky**”), which holds 3,018,306,811 Shares, in which Suncity has 100% interest. By virtue of the SFO, Mr. Chau is deemed to be interested in all these Shares in which Suncity and Victor Sky are interested.
3. All underlying Shares are share options granted by the Company on 13 December 2018 under the share options scheme of the Company at the exercise price of HK\$1.050 per Share.

Interests of substantial Shareholders of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(i) Long positions in the Shares and/or the underlying Shares of the Company

Name	Capacity/nature of interest	Number of Shares held	Percentage of the issued share capital of the Company <i>(Note 1)</i>
Suncity	Beneficial owner and interest of controlled corporations <i>(Note 2)</i>	3,141,561,811	69.66%
Victor Sky	Beneficial owner	3,018,306,811	66.93%
Fame Select Limited (“ Fame Select ”)	Interest of controlled corporations <i>(Note 2)</i>	3,141,561,811	69.66%
Mr. Cheng Ting Kong	Interest of controlled corporations <i>(Note 2)</i>	3,141,561,811	69.66%

Notes:

1. The percentage has been calculated based on the total number of Shares of the Company in issue as at the Latest Practicable Date (i.e. 4,509,444,590 Shares).
2. Suncity, of which both Mr. Chau and Mr. Lo are director, is the beneficial owner of 123,255,000 Shares and is also interested in 3,018,306,811 Shares through its wholly-owned subsidiary, Victor Sky, of which Mr. Chau is a director. As at the Latest Practicable Date, Suncity was 74.85% owned by Fame Select, of which Mr. Chau is a director, which in turn owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. By virtue of the SFO, Mr. Chau, Mr. Cheng Ting Kong and Fame Select are deemed to be interested in 3,141,561,811 Shares in which Suncity and Victor Sky are interested.

3. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor any of their close associates had interest in any business apart from the Group's business which competed or would likely to compete, either directly or indirectly, with the businesses of the Group.

4. QUALIFICATION AND CONSENT OF EXPERT

- (a) The following sets out the qualifications of the expert who has given its opinions or advice or statements as contained in this circular:

Name	Qualification
Astrum	a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

- (b) As at the Latest Practicable Date, the above expert had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.
- (c) As at the Latest Practicable Date, the above expert had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up) or proposed to be so acquired, disposed of or leased to any member of the Group.
- (d) The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, reports or its name in the form and context in which they respectively appear.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with any member of the Group which was not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (1) the placing agreement dated 25 July 2019 entered into between the Company (as issuer) and Kingston Securities Limited (as placing agent) pursuant to which Kingston Securities Limited, at a placing commission of 2% of the aggregate placing price of HK\$1.01 of the placing Shares, conditionally agreed to procure, on a best efforts basis, not less than six placees to subscribe for up to 300,000,000 Shares at the placing price of HK\$1.01 per Share;
- (2) the underwriting agreement entered into between the Company and Victor Sky as underwriter on 1 June 2020 (as supplemented by an extension letter dated 12 August 2020) in relation to the underwriting arrangement in respect of the Rights Issue at a subscription price of HK\$0.6 per rights Share under the Rights Issue under which no underwriting commission was required to be paid by the Company to the underwriter;
- (3) the placing agreement dated 1 June 2020 (as supplemented by an extension letter dated 12 August 2020) and entered into between the Company and Merdeka Securities Limited as placing agent in relation to the placing of unsubscribed rights Shares under the Rights Issue by Merdeka Securities Limited to independent placees on a best effort basis at a placing commission of the higher of HK\$150,000 or 1.5% of the gross proceeds from the placing;
- (4) the subscription agreement dated 1 June 2020 (as supplemented by an extension letter dated 11 September 2020) and entered into between SunTrust (as issuer) and SA Investments (as subscriber) in relation to the subscription and issue of the SunTrust CB in the principal amount of PHP5.6 billion (equivalent to approximately HK\$899 million);
- (5) the conditional agreement for sale and purchase dated 30 October 2020 entered into between Sharp Way Group Limited (“**Sharp Way**”) as vendor, Summit Ascent Russia Limited (“**SA Russia**”) as purchaser and the Company in relation to the acquisition by SA Russia from Sharp Way of 3,500 shares of Oriental Regent Limited (“**ORL**”) and US\$1,892,275 shareholder’s loan to ORL at the consideration of US\$3,000,000 (equivalent to HK\$23,250,000) satisfied by the zero coupon convertible bonds in the aggregate principal amount of US\$3,000,000 convertible into Shares at an initial conversion price of HK\$3.5 per Share for a term of 5 years from the date of their issue by the Company to Sharp Way;

- (6) the conditional agreement for sale and purchase dated 30 October 2020 entered into between Joyful Happiness Limited (“**Joyful**”) as vendor and SA Russia as purchaser in relation to the acquisition by SA Russia from Joyful of 7,000 shares of ORL and US\$3,784,550 shareholder’s loan to ORL at the consideration of US\$5,382,758 (equivalent to HK\$41,716,375); and
- (7) the conditional subscription agreement dated 16 November 2020 entered into between ORL, SA Russia and Firich Investment Limited (“**Firich**”) as subscribers in relation to the subscription of 234,755 new shares of ORL by SA Russia and 49,938 shares of ORL by Firich at the subscription price of US\$53,598,293 (equivalent to HK\$415,386,771) payable by SA Russia and US\$11,401,707 (equivalent to HK\$88,363,229) payable by Firich, respectively.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance were known to the Directors to be pending or threatened against any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. on any business days from the date of this circular up to and including 14 days (except public holidays) at the Company’s principal place of business in Hong Kong situated at Unit 1704, 17/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph 7 of this Appendix;
- (c) the Loan Agreement;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 21 of this circular;
- (e) the letter from Astrum, the text of which is set out on pages 22 to 38 of this circular;
- (f) the written consent referred to in the paragraph 4 of this Appendix;
- (g) the annual reports of the Company for the three years ended 31 December 2019;
- (h) the interim report of the Company for the six months ended 30 June 2020;
- (i) the annual results announcement of the Company for the year ended 31 December 2020;
- (j) the voluntary announcement of the Company dated 15 July 2020;

- (k) the circular of the Company dated 14 August 2020 regarding, among other things, the Rights Issue;
- (l) the prospectus of the Company dated 18 September 2020 in relation to the Rights Issue;
- (m) the announcement of the Company dated 14 October 2020 in relation to the Rights Issue; and
- (n) this circular.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Ho Siu Pik, who is a Chartered Secretary, Chartered Governance Professional and a fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom.
- (b) The registered office of the Company is situated at Clarendon House 2 Church Street Hamilton HM 11 Bermuda.
- (c) The head office and principal place of business of the Company in Hong Kong is at Unit 1704, 17/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.
- (d) The principal share registrar of the Company is MUFG Fund Services (Bermuda) Limited, 4th floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda.
- (e) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong.
- (f) The English text of this circular shall prevail over its Chinese text.

NOTICE OF SGM



SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 102)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“**SGM**”) of Summit Ascent Holdings Limited (the “**Company**”) will be held at Jade Rooms V–VII, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 20 April 2021 at 3 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company (unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 26 March 2021 (the “**Circular**”)):

ORDINARY RESOLUTION

“**THAT** (a) the entering into of the Loan Agreement (a copy of the Loan Agreement has been produced to the SGM and marked “A” and initialed by the chairman of the SGM for the purpose of identification), the Loan and all other transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and (b) any one or more Directors be and is/are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary desirable or expedient to carry out and implement the Loan Agreement and the transactions contemplated thereunder into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the Directors in the interests of the Company and its Shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Loan Agreement.”

By order of the Board
SUMMIT ASCENT HOLDINGS LIMITED
Chau Cheok Wa
Chairman

Hong Kong, 26 March 2021

NOTICE OF SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:

Unit 1704, 17th Floor
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the SGM is entitled to appoint one or if he is the holder of two or more shares, more than one proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited with the share registrars of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the SGM or any adjourned meeting thereof (as the case may be).
- (4) The register of members of the Company will be closed from Thursday, 15 April 2021 to Tuesday, 20 April 2021 (both days inclusive) to determine the entitlement to attend and vote at the SGM. During such period, no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 14 April 2021 for registration.

NOTICE OF SGM

PRECAUTIONARY MEASURES FOR THE SGM

At the time of publishing this notice the coronavirus (COVID-19) situation in Hong Kong is still developing and the situation at the time of the SGM is difficult to predict. The Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. Furthermore, the Company would like to remind shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and strongly recommends shareholders to appoint the chairman of the SGM as their proxy and submit their form of proxy as early as possible.

Should the coronavirus continue to affect Hong Kong at or around the time of the SGM, the Company may implement precautionary measures at the SGM in the interests of the health and safety of the attendees of the SGM which include without limitation:

1. All attendees will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the SGM. Attendees are advised to observe good personal hygiene and maintain appropriate social distance with each other at all times when attending the SGM.
2. There will be compulsory body temperature screening for all persons before entering the SGM venue. Should anyone seeking to attend the SGM decline to submit to temperature testing or be found to be suffering from a fever with a body temperature of 37.3 degrees Celsius or above or otherwise unwell, the Company reserves the right to refuse such person's admission to the SGM.
3. Attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the SGM; (ii) he/she is subject to any HKSAR Government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the SGM venue and will not be allowed to attend the SGM.
4. Appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding.
5. Each attendee will be assigned a designated seat to facilitate contact tracing and to ensure appropriate social distancing.
6. No gifts, food or beverages will be provided at the SGM.
7. Company staff and representatives at the SGM venue will assist with crowd control and queue management to ensure appropriate social distancing.
8. Due to the constantly evolving COVID-19 pandemic situation, the Company may implement further changes and precautionary measures in relation to the SGM arrangements at short notice. Shareholders should check the Company's website.