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SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 102)

(1) INSIDE INFORMATION ANNOUNCEMENT: POSSIBLE LOAN DEFAULT BY AN ASSOCIATE OF THE ULTIMATE CONTROLLING SHAREHOLDER OF THE COMPANY AND POSSIBLE ENFORCEMENT OF SECURITIES CHARGED; AND (2) RESUMPTION OF TRADING

(1) INSIDE INFORMATION ANNOUNCEMENT: POSSIBLE LOAN DEFAULT BY AN ASSOCIATE OF THE ULTIMATE CONTROLLING SHAREHOLDER OF THE COMPANY AND POSSIBLE ENFORCEMENT OF SECURITIES CHARGED

This announcement is made by the board of directors (the “**Board**”) of Summit Ascent Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 8 December 2021 the Company was informed by Suncity Group Holdings Limited (“**Suncity**”, the controlling shareholder of the Company interested in approximately 69.66% of the entire issued share capital of the Company) that Star Soul Investments Limited (the “**Borrower**”) was served with a demand letter (the “**Demand Letter**”) issued by the legal advisers to Wooco Secretarial Services Limited (the “**Wooco**”) as agent and security agent of a syndicate of lenders (the “**Lenders**”) under a facility agreement dated 30 July 2021 (the “**Facility Agreement**”) entered into between the Borrower as borrower, the Lenders as lenders and Wooco as agent and security agent in relation to a loan in the principal sum of HK\$300,000,000 (the “**Loan**”) granted by the Lenders to the Borrower.

The Borrower is not a member of the Group but a company wholly-owned by Mr. Chau Cheok Wa (“**Mr. Chau**”, the ultimate controlling shareholder of the Company, and the former chairman of the Board and a former non-executive director of the Company). The Lenders and Wooco are parties independent from and not connected persons of the Company. The Demand Letter was served on the Borrower and not on any member of the Group.

Under the Demand Letter, among others:

- (a) it is alleged that an event of default under the Facility Agreement has occurred by reason of the Incident as announced in the announcement of Suncity dated 29 November 2021 in relation to Mr. Chau, who is a guarantor of the Loan, thereby rendering the security under the security documents to the Loan (i.e. including those as mentioned below in this announcement) are enforceable and shall immediately become enforceable; and
- (b) demand for full repayment of the principal amount of the Loan together with interest accrued thereon up to 7 December 2021 in the aggregate amount of HK\$313,610,959 within five (5) business days from 8 December 2021 is made against the Borrower. Failing which, appropriate action will be taken against the Borrower without further notice, including (but not limited to) legal action against the Borrower for recovery of the aforementioned sums together with all related costs, expenses and fees.

If the securities charged to Wooco to secure repayment of the Loan can legally be enforced by Wooco, the following securities charged in favour of Wooco as security agent for the Lenders would liable to be sold or otherwise disposed of by Wooco when it exercises its power of sale under the relevant securities documents:

- (1) the 4,991,643,335 shares of Suncity (representing approximately 74.85% of the entire issued share capital of Suncity as at the date of this announcement) charged in favour of Wooco by Fame Select Limited (“**Fame Select**”), also the controlling shareholder of the Company, which is 50% owned by Mr. Chau and 50% owned by Mr. Cheng Ting Kong (“**Mr. Cheng**”);
- (2) the HK\$402,000,000 zero coupon convertible bonds issued by Suncity to Fame Select due in December 2022 charged in favour of Wooco by Fame Select, which are convertible into 1,546,153,846 shares of Suncity at an initial conversion price of HK\$0.26 per conversion share (subject to adjustment in accordance with the terms of the convertible bonds);

- (3) the HK\$177,000,000 zero coupon convertible bonds issued by Suncity to Star Hope Limited (“**Star Hope**”), a company wholly-owned by Mr. Chau, due in August 2022 charged in favour of Wooco by Star Hope, which are convertible into 196,666,666 shares of Suncity at an initial conversion price of HK\$0.90 per conversion share (subject to adjustment in accordance with the terms of the convertible bonds);
- (4) the HK\$120,000,000 zero coupon convertible bonds issued by Suncity to Better Linkage Limited, a company wholly-owned by Mr. Lo Kai Bong (“**Mr. Lo**”, the Deputy Chairman and an executive director of the Company), due in August 2022 charged in favour of Wooco by Better Linkage Limited, which are convertible into 133,333,333 shares of Suncity at an initial conversion price of HK\$0.90 per conversion share (subject to adjustment in accordance with the terms of the convertible bonds);
- (5) the entire issued share capital of Fame Select charged in favour of Wooco by Mr. Chau and Mr. Cheng; and
- (6) the entire issued share capital of Star Hope charged in favour of Wooco by Mr. Chau.

The conversion of the above convertible bonds of Suncity into shares of Suncity is subject to compliance with the 25% public float requirement of the Listing Rules that any conversion of the above convertible bonds shall not result in the public float of the shares of Suncity being less than 25% of the entire issued shares of Suncity. Please refer to the two circulars of Suncity dated 31 July 2020 and 13 November 2020, respectively, for further details of the above convertible bonds of Suncity.

As at the date of this announcement, no information is available to Suncity or the Company as to how Wooco will deal with the above securities in the event of enforcement of them by Wooco. Enforcement by Wooco of the above securities may lead to a change in control of the Company. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules or otherwise when the relevant information is available.

Apart from the above securities:

- (a) the following are assigned to Wooco by Star Hope as holder thereof to secure repayment of the Loan and all amounts due under the Facility Agreement:
 - (i) a promissory note dated 28 August 2018 (as supplemented by a supplemental promissory note dated 3 July 2020) due in August 2022 issued by Suncity in favour of Star Hope in the principal amount of HK\$303,000,000 with annual interest payable thereon at the rate of 2% per annum (further details of the promissory note are contained in the announcement of Suncity dated 27 July 2017);

- (ii) rights of Star Hope as subscriber and holder of up to HK\$6,000 million 5.00% perpetual securities of Suncity issued by Suncity to Star Hope (further details of the perpetual securities are contained in the announcement of Suncity dated 18 August 2020);
- (b) various shareholder's loans advanced or to be advanced to Suncity, Fame Select and Star Hope are assigned to Wooco to secure repayment of the Loan and all amounts due under the Facility Agreement; and
- (c) Mr. Lo is a guarantor of the Loan and all amounts due under the Facility Agreement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

(2) SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of shares (“**Shares**”) in the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 9 December 2021, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 December 2021.

By order of the Board
Summit Ascent Holdings Limited
Chiu King Yan
Executive Director

Hong Kong, 10 December 2021

As at the date of this announcement, the Company's executive directors are Mr. Lo Kai Bong (Deputy Chairman), Mr. Chua Ming Huat David (Chief Executive Officer) and Mr. Chiu King Yan, and the independent non-executive directors are Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung.