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SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 102)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Summit Ascent Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022, together with comparative figures for the corresponding period in 2021 as follows:

HIGHLIGHTS

- The Group’s total revenue was HK\$372.3 million in 2022, up 40% compared to HK\$265.5 million in 2021, predominantly attributable to the local Russian mass table and electronic gaming businesses.
- The Group recorded a positive Adjusted EBITDA of HK\$105.1 million in 2022, compared to HK\$40.9 million in 2021.
- Profit attributable to owners of the Company was HK\$11.8 million in 2022 (2021: loss of HK\$230.0 million), mainly attributable to (1) the increase in revenue and (2) there was an impairment loss of HK\$136.9 million recognised on property, operating right and equipment for the year 2021 whereas no such impairment loss was recorded for the year 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue from gaming and hotel operations	5	372,306	265,519
Other income	6	133,057	100,043
Other gains and losses	7	23,851	(139,556)
Gaming tax		(3,616)	(4,759)
Inventories consumed		(16,021)	(10,726)
Marketing and promotion expenses		(19,392)	(11,495)
Employee benefits expenses		(138,269)	(123,821)
Depreciation and amortisation		(77,499)	(80,350)
Other expenses	8	(105,937)	(91,693)
Fair value losses on derivative financial instruments	14, 19	(141,912)	(149,135)
Finance costs	9	(13,232)	(9,979)
Profit/(loss) before taxation		13,336	(255,952)
Income tax credit/(expense)	10	17,545	(17,859)
Profit/(loss) and total other comprehensive income/(expense) for the year	11	30,881	(273,811)
Profit/(loss) and total other comprehensive income/(expense) for the year attributable to:			
Owners of the Company		11,847	(229,988)
Non-controlling interests		19,034	(43,823)
		30,881	(273,811)
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	13		
Basic		0.26	(5.10)
Diluted		0.26	(5.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, operating right and equipment		1,115,134	1,172,516
Right-of-use assets		13,042	5,394
Long-term prepayments and other non-current assets		38,114	14,604
Derivative financial instruments	<i>14</i>	1,610,994	840,005
Intangible assets		259	263
		<u>2,777,543</u>	<u>2,032,782</u>
Current assets			
Inventories		4,414	2,772
Trade and other receivables	<i>15</i>	34,236	28,186
Amounts due from fellow subsidiaries	<i>16</i>	86,441	116,633
Short term loan to a fellow subsidiary	<i>17</i>	–	935,772
Bank balances and cash		831,861	606,575
		<u>956,952</u>	<u>1,689,938</u>
Current liabilities			
Contract liabilities, trade and other payables	<i>18</i>	48,801	45,493
Tax payables		–	17,269
Derivative financial instrument	<i>19</i>	167	286
Lease liabilities		6,294	1,205
		<u>55,262</u>	<u>64,253</u>
Net current assets		<u>901,690</u>	<u>1,625,685</u>
Total assets less current liabilities		<u>3,679,233</u>	<u>3,658,467</u>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Convertible bonds	<i>19</i>	19,073	17,767
Loans from non-controlling shareholders of a subsidiary	<i>20</i>	138,748	147,563
Liabilities for value-added tax arrangements		20,318	25,973
Lease liabilities		6,885	3,899
		<u>185,024</u>	<u>195,202</u>
Net assets		<u>3,494,209</u>	<u>3,463,265</u>
Capital and reserves			
Share capital		112,736	112,736
Reserves		3,067,623	3,055,713
Equity attributable to owners of the Company		3,180,359	3,168,449
Non-controlling interests		313,850	294,816
Total equity		<u>3,494,209</u>	<u>3,463,265</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

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

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

The Company’s immediate holding company is Victor Sky Holdings Limited, which is incorporated in the British Virgin Islands (the “**BVI**”), and the Company’s intermediate holding company, LET Group Holdings Limited (“**LET**”, formerly known as Suncity Group Holdings Limited), is incorporated in the Cayman Islands with its shares listed on the Main Board of Hong Kong Stock Exchange. The Directors consider the Company’s ultimate holding company is Major Success Group Limited, which is incorporated in the BVI, and Mr. Lo Kai Bong is the ultimate controlling party of the Company.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is also the functional currency of the Company. The functional currency of G1 Entertainment Limited Liability Company (“**G1 Entertainment**”), a principal subsidiary of the Group, engages in the gaming and hotel operations in the Russian Federation, is HK\$, the currency of the primary economic environment in which the entity operates.

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) to these consolidated financial statements for the current accounting period:

- Amendments to HKFRS 3, Reference to the Conceptual Framework
- Amendments to HKAS 16, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to HKFRSs 2018–2020 Cycle

The application of the amendments to HKFRSs and HKASs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instrument are stated at their fair value at the end of each reporting period.

4. SEGMENT INFORMATION

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

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

During the years ended 31 December 2022 and 2021, all revenues were derived from customers patronising in the Group’s property located in the Russian Federation. At 31 December 2022 and 31 December 2021, almost all non-current assets of the Group other than derivative financial instruments were located in the Russian Federation.

5. REVENUE FROM GAMING AND HOTEL OPERATIONS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from gaming and hotel operations		
– Gaming operations	340,898	248,355
– Hotel operations	<u>31,408</u>	<u>17,164</u>
	<u>372,306</u>	<u>265,519</u>

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

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

6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income from derivative financial instruments (<i>Note 14</i>)	78,102	53,589
Bank interest income	28,715	8,669
Interest income from short term loan to a fellow subsidiary (<i>Note 17</i>)	24,856	35,000
Rental income	781	425
Imputed interest income on value-added tax (“VAT”) arrangements	–	472
Others	<u>603</u>	<u>1,888</u>
	<u>133,057</u>	<u>100,043</u>

7. OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Exchange gains/(losses), net	59,973	(695)
Loss on derecognition of financial asset (<i>Note 17</i>)	(35,747)	–
Loss on disposal/written-off of property, operating right and equipment	(372)	(102)
Impairment losses recognised on prepayments, other receivables and deposits	(3)	(1,840)
Impairment loss recognised on property, operating right and equipment	–	(136,859)
Loss on disposal of intangible assets	<u>–</u>	<u>(60)</u>
	<u>23,851</u>	<u>(139,556)</u>

8. OTHER EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Security expenses	14,017	11,980
Bank charges	10,420	7,980
Repair and maintenance expenses	8,771	7,842
Costs for employee relations	8,009	6,522
Utilities and fuel	7,989	7,292
Legal and professional fees	7,664	7,476
Travel agency expenses	7,302	5,005
Non-recoverable VAT	6,683	5,765
Motor vehicle expenses	4,739	3,607
Auditor's remuneration		
– Audit services	3,980	3,860
– Non-audit services	998	1,334
Overseas travel expenses	3,671	1,427
Hotel supplies	3,035	1,858
Insurance expenses	2,604	2,375
Gaming supplies	2,064	1,811
Communication and networking costs	1,768	1,505
Share-based compensation benefits to a consultant	63	162
Others	12,160	13,892
	<u>105,937</u>	<u>91,693</u>

9. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Imputed interest on loans from non-controlling shareholders of a subsidiary (<i>Note 20</i>)	8,765	8,215
Imputed interest on VAT arrangements	2,353	–
Imputed interest on convertible bonds (<i>Note 19</i>)	1,315	1,219
Interest on lease liabilities	799	545
	<u>13,232</u>	<u>9,979</u>

10. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) in the consolidated statement of profit or loss and other comprehensive income represents:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current provision		
– Russian corporate tax	(173)	(141)
– Philippine withholding tax	<u>–</u>	<u>(17,718)</u>
	(173)	(17,859)
Over-provision		
– Philippine withholding tax (<i>Note</i>)	<u>17,718</u>	<u>–</u>
	<u><u>17,545</u></u>	<u><u>(17,859)</u></u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operates.

For the years ended 31 December 2022 and 2021, no provision for Hong Kong Profits Tax had been made in the consolidated financial statements as the Group did not have assessable profits arising in Hong Kong.

Pursuant to the rules and regulations of the BVI and Bermuda, the Group is not subject to any income tax in the respective jurisdictions.

Russian corporate tax is calculated at a rate of 20% of the estimated assessable profit for that year; however, no Russian corporate tax is levied on the Group's gaming activities in the Russian Federation in accordance with Russian legislation.

Note: The provision of the Philippine withholding tax recognised in 2021 for the interest income generated from the derivative financial instruments and short term loan to a fellow subsidiary shall be paid by the interest payer, resulting in the reversal of the over-provision in 2022.

11. PROFIT/(LOSS) FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(loss) for the year has been arrived at after charging:		
Salaries, wages, bonus and other benefits	111,491	100,385
Contributions to retirement benefits schemes	<u>26,778</u>	<u>23,436</u>
Total employee benefits expenses, including Directors' emoluments	<u>138,269</u>	<u>123,821</u>
Amortisation of intangible assets	4	21
Depreciation of property, operating right and equipment	70,703	78,802
Depreciation of right-of-use assets	<u>6,792</u>	<u>1,527</u>
Total depreciation and amortisation	<u><u>77,499</u></u>	<u><u>80,350</u></u>

12. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK\$11,847,000 (2021: loss of approximately HK\$229,988,000) and the weighted average 4,509,444,590 ordinary shares in issue during the years ended 31 December 2022 and 2021.

The computation of the diluted earnings/(loss) per share for the years ended 31 December 2022 and 2021 did not assume the exercise of the Company's outstanding share options and convertible bonds because the exercise price of those share options exceeded the average market price of the Company's shares of the year and the assumed exercise of those convertible bonds would result in an increase in earnings/a decrease in (loss) per share.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Derivative financial instruments – designated at fair value through profit or loss (“FVTPL”)		
– 2020 Convertible Bonds (“2020 CB”)	776,415	840,005
– 2022 Convertible Bonds (“2022 CB”)	<u>834,579</u>	<u>–</u>
	<u><u>1,610,994</u></u>	<u><u>840,005</u></u>

Derivative financial instruments acquired are designated at FVTPL because the relevant financial assets constitute a group that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel.

Derivative financial instruments represented the fair value of an investment in convertible bonds issued by Suntrust Resort Holdings, Inc. (“Suntrust”, formerly known as Suntrust Home Developers, Inc.), a company incorporated in the Philippines, the shares of which are listed on The Philippine Stock Exchange, Inc. and is a fellow subsidiary of the Company.

2020 CB

The principal amount of the 2020 CB is Philippine peso (“PHP”) 5.6 billion, which can be converted into 3,111,111,111 ordinary shares of Suntrust at a conversion price of PHP1.8 per share from the inception date until the maturity date. The maturity date falling on the fifth anniversary of the issue date (i.e. year 2025) of the 2020 CB which may, subject to agreement by the holder of the 2020 CB upon request by Suntrust, be extended to the date falling on the tenth (10th) anniversary of the issue date of the 2020 CB.

The 2020 CB carried interest at 6.0% per annum on the aggregate principal amount of the 2020 CB from time to time outstanding, payable yearly in arrears accruing from the issue date of the 2020 CB on the basis of a 365-day year, with the last payment of interest to be made on the maturity date.

The 2020 CB may not be redeemed by Suntrust at any time prior to the maturity date or if extended, prior to the maturity date as extended. The holder of the 2020 CB may request for early redemption of the 2020 CB at any time during the period commencing from the day immediately after the first anniversary of the issue date of the 2020 CB and expiring on the maturity date or if extended, the maturity date as extended at their outstanding principal amount together with interest thereon up to the date of redemption.

2022 CB

The principal amount of the 2022 CB is PHP6.4 billion, which can be converted into 3,878,787,878 ordinary shares of Suntrust at a conversion price of PHP1.65 per share from the inception date until the maturity date. The maturity date falling on the third anniversary of the issue date (i.e. year 2025) of the 2022 CB which may, subject to agreement by the holder of the 2022 CB upon request by Suntrust, be extended to the date falling on the sixth (6th) anniversary of the issue date of the 2022 CB.

The 2022 CB carried interest at 6.0% per annum on the aggregate principal amount of the 2022 CB from time to time outstanding, payable yearly in arrears accruing from the issue date of the 2022 CB on the basis of a 365-day year, with the last payment of interest to be made on the maturity date.

Suntrust is entitled to cancel and to redeem all the 2022 CB in whole at any time after the first anniversary of the issue date and expiring on the maturity date at 100% of their outstanding principal amount together with accrued interest (including default interest, if any) up to the date of redemption. The holder of the 2022 CB may request for early redemption of the 2022 CB at any time during the period commencing from the day immediately after the first anniversary of the issue date of the 2022 CB and expiring on the maturity date or if extended, the maturity date as extended at their outstanding principal amount together with interest thereon up to the date of redemption.

For the year ended 31 December 2022, the interest income generated from the derivative financial instruments amounting to approximately HK\$78,102,000 (31 December 2021: approximately HK\$53,589,000) was recognised and disclosed under “other income” in note 6.

For the year ended 31 December 2022, the fair value losses of the derivative financial instruments amounting to approximately HK\$142,031,000 (31 December 2021: approximately HK\$149,685,000) were recognised, included and disclosed under “fair value losses on derivative financial instruments” in the consolidated statement of profit or loss and other comprehensive income.

The fair values of the derivative financial instruments as at 31 December 2022 and the initial recognition date of 2022 CB had been determined by CHFT Advisory and Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the equity allocation method.

The inputs used for the calculation of fair value of the derivative financial instruments at each subsequent measurement date were as follows:

	31 December 2022	At initial recognition date of 2022 CB	31 December 2021
Share price of Suntrust (<i>PHP</i>)	0.99	1.01	1.12
Expected volatility (%) (<i>Note a</i>)	54.93%	62.78%	61.10%
Risk-free rate (%) (<i>Note b</i>)	6.25%	5.30%	3.44%
Expected remaining life (<i>years</i>)			
– 2020 CB	3	3.6	4
– 2022 CB	2.4	3	–

Notes:

- a) The expected volatility was determined by using the historical volatility of Suntrust share price over the period commensurate with the remaining term.
- b) Risk-free rate is estimated based on the yield to maturities of peso-denominated government bonds from Philippine Sovereign Curve with a similar remaining tenure.

15. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK\$'000	HK\$'000
Trade receivables	–	33
Prepayments	30,864	16,589
Other receivables and deposits	3,789	11,978
Less: Allowance	(417)	(414)
	34,236	28,153
	34,236	28,186

As at 31 December 2021, trade receivables mainly represented outstanding amounts pending settlements by customers which were usually repaid within 30 days after each trip to the Group's gaming property. The Group provides short-term temporary credit to approved customers following background checks and credit risk assessments of these customers.

All trade receivables were aged within 30 days based on the revenue recognition date, at the end of the reporting period. All of the Group's trade receivables as at 31 December 2021 were within their credit terms with no default history and neither past due nor impaired.

Trade receivables from patrons as at 31 December 2021 were assessed individually. For other receivables, the Group assessed the expected credit losses collectively based on the provision matrix as at 31 December 2022 and 2021. No impairment allowance was provided due to the low probability of default of those receivables based on the short credit period.

Allowance of approximately HK\$417,000 as at 31 December 2022 (2021: approximately HK\$414,000) represented individually impaired prepayments and other receivables that the Directors considered uncollectible.

16. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The amounts as at 31 December 2022 were unsecured, non-interest bearing and mainly comprised of interest receivable generated from the derivative financial instruments as set out in note 14.

The amounts as at 31 December 2021 were unsecured, non-interest bearing and mainly comprised of interest receivable generated from the (i) derivative financial instrument as set out in note 14 and (ii) short term loan to a fellow subsidiary of the Company as set out in note 17.

17. SHORT TERM LOAN TO A FELLOW SUBSIDIARY

On 23 February 2021, Suntrust as borrower entered into a loan agreement with the Group as lender, pursuant to which the Group shall provide a loan in the principal amount of United States dollar (“US\$”) 120 million (equivalent to approximately HK\$931,230,000, the “**Loan**”) to Suntrust. The Loan was unsecured, interest-bearing at 6% per annum and shall be matured after three months from the date of the disbursement of the Loan, which is extendable not more than three months. On 18 May 2021, the Loan was advanced to Suntrust by cash of approximately HK\$924,813,000 and by transferring from amount due from a fellow subsidiary of approximately HK\$6,417,000.

The maturity date of the Loan was extended for three times on 17 August 2021, 17 September 2021 and 17 October 2021 for 1 month each time, to 18 November 2021. On 20 September 2021, the Group entered into a subscription agreement with Suntrust (the “**Subscription Agreement**”) to subscribe for the 6% coupon rate convertible bonds in the maximum aggregate principal amount of PHP6.4 billion at an initial conversion price of PHP1.65 per share of Suntrust for an initial term of 3 years from the date of their issue extendable for a further term of 3 years. The aggregate subscription amount payable by the Group shall be satisfied by setting off a pro tanto amount of the Loan together with interest accrued up to and including the completion date of the Subscription Agreement (the “**Completion**”). Considering the expected timeline for fulfilling the conditions precedent to the Subscription Agreement, the Group agreed to extend the maturity date of the Loan to 18 July 2022. At the Completion which took place on 10 June 2022, (1) the 2022 CB in the aggregate principal amount of PHP6.4 billion were issued by Suntrust to the Group and (2) part of the indebted amount of approximately US\$127.7 million as at the Completion to the extent of US\$120.9 million was set-off against the subscription of the 2022 CB pursuant to the Subscription Agreement. The balance of the indebted amount after the Loan set-off of approximately US\$6.8 million was repaid in cash by Suntrust to the Group. Loss on derecognition of the Loan amounting to approximately HK\$35,747,000 was disclosed under “other gains and losses” in note 7.

For the year ended 31 December 2022, interest income from the Loan amounting to approximately HK\$24,856,000 (31 December 2021: approximately HK\$35,000,000) was recognised and disclosed under “other income” in note 6.

18. CONTRACT LIABILITIES, TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	412	142
Payable in respect of connection right to local electricity supply network	11,286	10,687
Liabilities for VAT arrangements	9,301	8,972
Outstanding gaming chips	2,747	2,358
Gaming tax payables	302	–
Accruals and other payables	<u>24,753</u>	<u>23,334</u>
	<u>48,801</u>	<u>45,493</u>

All trade payables were aged within 30 days based on the invoice date, at the end of the reporting periods.

The Group mainly has two types of liabilities related to contracts with customers which are included in the above: (1) outstanding gaming chip liabilities for gaming chips in the customers' possession amounting to approximately HK\$2,747,000 (31 December 2021: approximately HK\$2,358,000); and (2) loyalty program liabilities for the revenue deferred in relation to points earned by customers under gaming revenue transactions amounting to approximately HK\$1,855,000 (31 December 2021: approximately HK\$1,965,000). Loyalty program liabilities are included in accruals and other payables above.

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

19. DERIVATIVE FINANCIAL INSTRUMENT/CONVERTIBLE BONDS

On 16 November 2020, the Company issued convertible bonds denominated in US\$ for the acquisition of additional interests in a subsidiary from a non-controlling shareholder in an aggregate principal amount of US\$3,000,000 with an initial conversion price of HK\$3.50 (to be translated to US\$ at a fixed rate of HK\$7.75 to US\$1.00) per share with adjustments clauses, which will mature on the fifth anniversary of the respective issue dates. The convertible bonds carry no interest.

The convertible bonds contained two components, a liability component and a derivative financial instrument. The derivative financial instrument represented the conversion option given to the holder the right at any time to convert the convertible bonds into ordinary shares of the Company. However, since the conversion option would be settled other than by the exchange of a fixed amount of the Company's own equity instruments, the conversion option was accounted for as a derivative financial instrument.

At initial recognition, the derivative financial instrument in the convertible bonds is measured at fair value and is separately presented. Any excess of the fair values of the convertible bonds over the amounts initially recognised as the derivative financial instrument is recognised as liability component in the convertible bonds.

At the end of the reporting period, the fair value of the derivative financial instrument in the convertible bonds is remeasured and the gain or loss on remeasurement to the fair value is recognised in profit or loss. For the year ended 31 December 2022, the fair value gain amounting to approximately HK\$119,000 (2021: approximately HK\$550,000) was recognised and disclosed under “fair value losses on derivative financial instruments” in the consolidated statement of profit or loss and other comprehensive income.

The liability component in convertible bonds is subsequently carried at amortised cost with interest expenses calculated using the effective interest method recognised in profit or loss. The effective interest rate of the liability component in the convertible bonds is 7.37% per annum. For the year ended 31 December 2022, imputed interest on convertible bonds amounting to approximately HK\$1,315,000 (2021: approximately HK\$1,219,000) was recognised and disclosed under “finance costs” in note 9.

When the convertible bonds are converted, the shares of the Company to be issued are measured at fair value and any difference between the fair value of shares to be issued and the carrying amounts of the derivative financial instrument and liability component in the convertible bonds is recognised in profit or loss.

The fair value of the convertible bonds as at 31 December 2022 was determined by Valplus Consulting Limited, an independent and professionally qualified valuer not connected to the Group, based on the binomial option pricing model. The significant inputs used for the calculation of fair value of the convertible bonds and the derivative financial instrument at each subsequent measurement date were as follows:

	31 December 2022	31 December 2021
Share price of the Company (HK\$)	0.17	0.15
Expected volatility (%) (Note a)	111.39%	77.38%
Expected remaining life (years)	2.88	3.88
Expected dividend yield (Note b)	zero	zero
Risk-free rate (%) (Note c)	4.26%	1.14%

Notes:

- a) The expected volatility was determined by using the historical volatility of the Company’s share price over a period commensurate with the remaining term.
- b) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the remaining term of the Company.
- c) Risk-free rate is estimated with reference to the US Treasury Yield Curve of similar remaining tenure.

The movements of the liability component of the convertible bonds and the derivative financial instrument are as follows:

	Liability component <i>HK\$'000</i>	Derivative financial instrument <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021	16,449	836	17,285
Imputed interest on convertible bonds	1,219	–	1,219
Exchange difference	99	–	99
Fair value change on derivative financial instrument	–	(550)	(550)
At 31 December 2021 and 1 January 2022	17,767	286	18,053
Imputed interest on convertible bonds	1,315	–	1,315
Exchange difference	(9)	–	(9)
Fair value change on derivative financial instrument	–	(119)	(119)
At 31 December 2022	<u>19,073</u>	<u>167</u>	<u>19,240</u>

20. LOANS FROM NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

On 15 July 2014, each of the shareholders of Oriental Regent Limited (“**Oriental Regent**”), the joint venture of the Group, which the Group has obtained control during the year ended 31 December 2016, entered into a loan agreement with Oriental Regent whilst they agreed to provide their contributions proportionally of the additional capital amount of US\$137,691,000 (equivalent to approximately HK\$1,071,236,000) in total as required by Oriental Regent to continue to fund the gaming and resort project in the Russian Federation by way of ordinary shareholder convertible loan (the “**Convertible Loan**”) as contemplated under the investment and shareholders agreement dated 23 August 2013. A total of US\$55,076,400 (equivalent to approximately HK\$428,494,000) was contributed by the other shareholders of Oriental Regent. The Convertible Loan is non-interest bearing, unsecured and due to mature after 3 years from the date of the agreement, which shall automatically renew for another term of three years. No repayment at all time shall be made by Oriental Regent unless there are sufficient free cash flows generated from its operations to make the repayment. The Convertible Loan can only be converted into new shares of Oriental Regent at the option of Oriental Regent at such conversion price(s) and ratio(s) as Oriental Regent shall agree with the shareholders of Oriental Regent at the relevant time. The conversion period is from the date on which the payment for the entire principal amount of the Convertible Loan was made by the shareholders to the day immediately prior to the repayment date. The Convertible Loan was discounted at an effective interest rate calculated at 11.28% per annum at inception.

On 15 July 2020, after repayments previously made, the repayment date of the outstanding loan with a total principal amount of US\$75,691,000 (equivalent to approximately HK\$586,832,000), out of which US\$30,276,400 (equivalent to approximately HK\$234,642,000) was contributed by the other shareholders of Oriental Regent, was extended for three years from 15 July 2020 to 15 July 2023 and shall automatically renew for another term of three years. The Convertible Loan is discounted at an effective interest rate calculated at 5.76% per annum at extension.

On 16 November 2020, the Group repurchased 7.5% of the Convertible Loan with a total principal amount of US\$5,676,825 (equivalent to approximately HK\$43,995,000) from the non-controlling shareholders under the equity transactions.

For the year ended 31 December 2022, the Group made a repayment of US\$2,245,901 (equivalent to approximately HK\$17,510,000), resulting in an outstanding principal amount of US\$22,353,674 (2021: US\$24,599,575) contributed by the non-controlling shareholders of Oriental Regent.

For the year ended 31 December 2022, imputed interest on loans from non-controlling shareholders of a subsidiary amounting to approximately HK\$8,765,000 (31 December 2021: approximately HK\$8,215,000) was recognised and disclosed under “finance costs” in note 9.

21. EVENT AFTER REPORTING PERIOD

On 27 January 2023, the Company, as lender, entered into a revolving loan agreement with LET, as borrower, pursuant to which the Company has conditionally agreed to grant a revolving loan in the principal amount up to HK\$500,000,000 to LET. The transaction is subject to the approval of the independent shareholders of the Company, details of which were disclosed in the joint announcement of the Company and LET dated 27 January 2023.

As announced by the Company on 16 January 2023, Suntrust did not pay the coupon interest of PHP336 million (equivalent to approximately HK\$48 million) for the second year of the 2020 CB due on 30 December 2022 after the lapse of a 15-day grace period. The Company is in discussion with Suntrust on the payment arrangement of the overdue interest.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The gaming and hotel operations of the Group are conducted through its 77.5% equity interest in Oriental Regent. The Group also receives a management fee income calculated at 3% of the total net gaming revenue generated by G1 Entertainment, a wholly-owned subsidiary of Oriental Regent.

G1 Entertainment holds a gaming license granted by the Russian government and governed by, among others, the Russian Federal Law No. 244-FZ of 29 December 2006 “On the State Regulation of Activities Associated with the Organisation of and Carrying on Gambling and on Amending Individual Legislative Acts of the Russian Federation” for an indefinite period and the development rights on three adjacent parcels of land, namely Lot 8, Lot 9 and Lot 10 with site areas of approximately 73,000 square metres, 90,000 square metres and 154,000 square metres respectively, in the Integrated Entertainment Zone of the Primorye Region (the “**IEZ Primorye**”) of the Russian Far East, which is 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. Lot 8 is partly erected with dormitories, a gas-powered station and a storage area, called the utility zone. The remaining portion of Lot 8 and the entire Lot 10 are vacant land currently, held for the phased development of Tigre de Cristal in the future.

The features of Tigre de Cristal are as follows:

- Approximately 36,000 square metres of gaming and hotel space, offering a broad range of gaming options 24 hours a day, 7 days a week, 365 days a year;
- The finest luxury 5-Star hotel in the Russian Far East with 121 rooms and suites, which was named “Russia’s Best Casino Hotel 2021” by World Casino Awards;
- Fine dining in 2 restaurants, the international cuisine “CASCADE” and the Pan-Asian cuisine “88”, and 3 casual bars;
- A Tigre de Cristal branded shop, virtual golf zone, and a private club with karaoke rooms.

COVID-19 Restrictions Lifted in the Russian Federation

Due to the improved epidemic situation of coronavirus disease 2019 (“**COVID-19**”), a decision was made by the Russian government on 14 June 2022 to lift the restrictions on foreign citizens entering the country via air and maritime checkpoints yet a number of restrictions on land arrivals continued to be in effect. On 1 July 2022, the Russian government said it was ending all restrictions to combat the spread of COVID-19, including the requirement to wear masks, citing a steady decline in deaths from the virus. On 15 July 2022, restrictions on crossing the land border of the Russian Federation were lifted.

The Russia-Ukraine Conflict

While the Russian tourism industry is slowly recovering from the COVID-19 pandemic, it now faces huge uncertainty from the impact of the significant escalation in the Russia-Ukraine conflict since late February 2022. The United States, the European Union and their allies have imposed an unprecedented range of sanctions and export controls on the Russian Federation, which aim at weakening its ability to finance the special military operation including, but not limited to, the removal of major Russian banks from the messaging system operated by the Society for Worldwide Interbank Financial Telecommunication (the “**SWIFT**”). A lot of large global corporations have also voluntarily suspended their operations in the Russian Federation. Withdrawal of foreign direct investment has been identified as potentially one of the most devastating consequences of sanctions for the Russian economy. Several governments have also banned Russian aircraft from their airspace and have issued travel advisories calling on their nationals to avoid travel to the Russian Federation. The Russian government responded with a mutual ban for these countries. The escalation in the Russia-Ukraine conflict has a negative effect on the motivation and choices for international tourists to freely travel into and out of the Russian Federation, which affects Tigre de Cristal’s customer base. There is currently no indication on when the military conflict and the related sanctions will end.

The Group’s first property Tigre de Cristal is operating in the Russian Far East and has been self-sustaining without any bank borrowings. The solid operating results in 2022 from the mass table and electronic gaming businesses signified the Group’s capability to seize the post COVID-19 recovery of the local demand in leisure and entertainment. The Board has been closely monitoring the market conditions and the impact of the Russia-Ukraine conflict and will continue to assess the effects on the financial position and operations of the Group.

The Phase II development of Tigre de Cristal (“**TdC Phase II**”) is originally planned to almost double the existing accommodation capacity and non-gaming amenities in order to serve the potential high rollers, especially non-Russian visitors who want to stay overnight inside the IEZ Primorye. The COVID-19 epidemic has hindered the pre-construction phase, including design, procurement of construction materials, tendering and associated payments of TdC Phase II and the directors of the Company have decided swiftly to postpone the project, as disclosed in the Group’s 2021 Annual Report. The increased geopolitical risks induced by the Russia-Ukraine conflict have weighed adversely on global economic conditions throughout 2022, which makes it exceptionally challenging to determine the return on investment of TdC Phase II under the current environment. For the time being, TdC Phase II is suspended to minimize the Group’s capital expenditures and commitments.

Short Term Loan to a Fellow Subsidiary

On 23 February 2021, Suntrust as the borrower entered into a loan agreement with the Group as the lender, pursuant to which the Group had provided the Loan in the principal amount of US\$120 million to Suntrust. The Loan was unsecured, interest-bearing at 6% per annum and should be matured after three months from the date of the disbursement of the Loan, which was extendable not more than three months. The Loan was advanced to Suntrust on 18 May 2021.

As the continual impact of COVID-19 had affected the progress of the pre-construction stage of the TdC Phase II, including design, procurement of construction materials, tendering and associated payments since early 2020, part of the net proceeds from the rights issue completed on 15 October 2020 (the “**Rights Issue**”) to the extent of US\$60 million (approximately HK\$465 million) originally intended for use in the TdC Phase II was not required for immediate use by the Group. The Group proposed to change the use of proceeds from the Rights Issue and deployed US\$60 million as part of the Loan, which could generate interest income to the Group. Details of the Loan are disclosed in the Company’s announcements dated 23 February and 20 April 2021, and the Company’s circular dated 26 March 2021.

Subscription of the Convertible Bonds

On 20 September 2021, the Group entered into the Subscription Agreement with Suntrust, pursuant to which Suntrust conditionally agreed to issue and the Group conditionally agreed to subscribe for the 6% coupon rate 2022 CB in the maximum aggregate principal amount of PHP6.4 billion at an initial conversion price of PHP1.65 per share of Suntrust for an initial term of 3 years from the date of their issue extendable for a further term of 3 years. The aggregate subscription amount payable by the Group under the Subscription Agreement shall be satisfied by setting off a pro tanto amount of the Loan together with interest accrued (the “**Indebted Amount**”) up to and including the completion date of the Subscription Agreement. Considering the expected timeline for fulfilling the conditions precedent to the Subscription Agreement, the Group agreed to extend the maturity date of the Loan to 18 July 2022. Details of the Subscription Agreement are disclosed in the Company’s announcements dated 20 September 2021, 16 November 2021 and the circular dated 26 October 2021.

On 10 June 2022, the Completion took place as follows: (1) the 2022 CB were issued by Suntrust to the Group and (2) part of the Indebted Amount to the extent of US\$120.9 million was set-off against the US\$ equivalent of PHP6.4 billion, pursuant to the Subscription Agreement. The balance of the Indebted Amount of approximately US\$6.8 million was repaid in cash by Suntrust to the Group.

Use of Proceeds

The Company raised net proceeds of approximately (1) HK\$297 million from the placing of shares of the Company (the “Shares”) on 19 August 2019 (the “2019 Placing”) and (2) HK\$1,618.4 million from the Rights Issue. The detailed breakdown and description of the proceeds and the expected timeline of the unutilised amounts up to 31 December 2022 are set out as follows:

	Unutilised amount as at 1 January 2021 <i>HK\$ million</i>	Change in use of proceeds in 2021 <i>HK\$ million</i>	Actual amount utilised for the year ended 31 December 2021 <i>HK\$ million</i>	Unutilised amount as at 31 December 2021 and 1 January 2022 <i>HK\$ million</i>	Actual amount utilised for the year ended 31 December 2022 <i>HK\$ million</i>	Unutilised amount as at 31 December 2022 <i>HK\$ million</i>	Expected timeline of application of the unutilised amount
(1) The 2019 Placing:							
TdC Phase II, including but not limited to,							
Design	61.0	–	(0.5)	60.5	(2.5)	58.0	
Site surveying and preparation	86.0	–	(0.2)	85.8	(0.9)	84.9	
Tendering of consultants and subcontractors	150.0	–	–	150.0	–	150.0	
Total	297.0	–	(0.7)	296.3	(3.4)	292.9	<i>(Note 1)</i>
			<i>(Note 2)</i>		<i>(Note 2)</i>		
(2) The Rights Issue:							
Exchange difference	–	52.0	(52.0)	–	–	–	<i>(Note 3)</i>
The Loan and the 2022 CB	–	465.0	(465.0)	–	–	–	<i>(Note 4)</i>
TdC Phase II, including but not limited to,							
Procurement of construction materials	311.5	(125.1)	–	186.4	–	186.4	
Construction of buildings/facilities	100.8	(100.8)	–	–	–	–	
Interior fit-out	189.1	(189.1)	–	–	–	–	
	601.4	(415.0)	–	186.4	–	186.4	<i>(Note 1)</i>

Unutilised amount as at 1 January 2021	Change in use of proceeds in 2021	Actual amount utilised for the year ended 31 December 2021	Unutilised amount as at 31 December 2021 and 1 January 2022	Actual amount utilised for the year ended 31 December 2022	Unutilised amount as at 31 December 2022	Expected timeline of application of the unutilised amount
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	

For general working capital of the Group, including but not limited to,

(i) *Tigre de Cristal,*

including:

Capital expenditures	78.0	(52.0)	(17.1)	8.9	(8.9)	-
Repairs and maintenance	24.0	-	(7.8)	16.2	(9.0)	7.2 By 30 June 2023
Return of the refunded VAT	18.0	-	(9.3)	8.7	(8.7)	-

(ii) *Pre-opening expenses for TdC Phase II, including but not limited to,*

Staff costs (training and employee relations)

Staff costs (training and employee relations)	30.0	(30.0)	-	-	-	-
Security expenses	9.0	(9.0)	-	-	-	-
Marketing expenses	11.0	(11.0)	-	-	-	-

	170.0	(102.0)	(34.2)	33.8	(26.6)	7.2
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Total	<u>771.4</u>	<u>-</u>	<u>(551.2)</u>	<u>220.2</u>	<u>(26.6)</u>	<u>193.6</u>
			(Note 5)		(Note 5)	

Notes:

- Since late February 2022, the ongoing Russia-Ukraine conflict has severely affected the economy in the Russian Federation and the ability for tourists to freely travel into and out of the country which, in turn, severely affects the outlook of Tigre de Cristal. Accordingly, TdC Phase II has been suspended. Part of the net proceeds from the 2019 Placing and the Rights Issue to the extent of approximately HK\$292.9 million and HK\$186.4 million respectively originally intended for use in TdC Phase II is not required for immediate use. Having considered the commercial benefits to the Group, the Directors proposed to change the relevant use of proceeds for the provision of the revolving loan facility of an amount not exceeding HK\$500 million to LET, details of which and reasons for the proposed change are disclosed in the Company's announcement dated 27 January 2023.

2. The actual amounts utilised in respect of the 2019 Placing had been applied as intended, which are set out in the paragraph headed “Reasons for the placing and use of proceeds” in the Company’s announcement dated 25 July 2019.
3. The overspending was due to the exchange difference arising from the subscription of the 2020 CB.
4. As disclosed by the Company on 23 February 2021, the Group proposed to change the use of part of the net proceeds from the Rights Issue and deployed an amount of US\$60 million (approximately HK\$465 million) as part of the Loan. Subsequently, as disclosed by the Company on 20 September 2021, the Group proposed further changes in the use of proceeds for the subscription of the 2022 CB.
5. The actual amounts utilised in respect of the Rights Issue had been applied as intended, which are set out in the paragraphs headed “Use of proceeds” in the Company’s circular dated 14 August 2020, “Reasons for and benefits of the loan” in the Company’s circular dated 26 March 2021 and “Further change in use of part of the net proceeds from the rights issue” in the Company’s circular dated 26 October 2021.

Change of Director

During the year 2022, we have the following change to the Board:

Mr. Lo Kai Bong has been re-designated from Deputy Chairman to Chairman of the Board with effect from 31 August 2022, details of which are disclosed in the Company’s announcement dated 31 August 2022.

OUTLOOK

Overall, we are pleased to witness a full recovery in the local mass table and electronic gaming businesses in 2022. The performance in 2022 has been impressive, given that massive changes in the business environment have evolved, which made operating an integrated resort nothing comparable to the pre-COVID era. Nevertheless, these less-than-favourable factors have not hindered the Company from beating our records in the mass gaming market, which further amplified the privileged status of our integrated resort in the eyes of our customers in the Russian Far East.

Robust financial results aside, the Russia-Ukraine conflict continues to bring challenges to the Group operationally. The sanctions and the travel alerts to the Russian Federation are still in place, imports from abroad continued to be regulated, while international flights of our key international destinations have not yet been resumed. Throughout 2022, we have adapted by sourcing locally, stockpiling certain food and beverage items, and fine-tuning our marketing strategies, services and offering prices. Tigre de Cristal recognised the importance of local customers and will continue to build strong relationships with the local community, such as fully supporting local businesses by sourcing from them, organising well-loved local events for Russians and working towards becoming an active and engaged member of the local community through our comprehensive local corporate social responsibility initiatives.

Due to the unpredictable and volatile geopolitical tensions, the Group is now taking a conservative approach to slow down the progress of TdC Phase II. While we regret having to make this inevitable decision, the integrated resort business environment changes rapidly and it is our mission to ensure that the Company generates value for our shareholders. The Company has been exploring alternative options, as well as potentially looking for strategic local partners who might be able to bring in value in terms of operating the integrated resort in the Russian Far East.

In addition to focusing locally on the leisure and entertainment business in the Russian Federation, the Company has invested in the gaming industry of the Philippines through the fellow subsidiary Suntrust. The Philippines has proved itself as a Southeast Asian hub that could weather the lack of international travellers temporarily as it scored itself to be one of the best-performing countries in the Asian gaming sector amidst border closure in the past two years. Through leveraging our expertise in developing and operating a world-class integrated resort Tigre de Cristal, we will be able to establish a strong presence in the local Russian market while potentially diverging to other markets in the future.

FINANCIAL REVIEW

Adjusted EBITDA of Tigre de Cristal

Adjusted EBITDA generated by Oriental Regent, a 77.5% owned subsidiary of the Company operating our integrated resort Tigre de Cristal in the Russian Far East, is used by management as the primary measure of operating performance of our gaming and hotel operations, which is not a financial measure under International Financial Reporting Standards (IFRSs) and defined by the Company as Earnings Before Interest, Income Tax, Depreciation and Amortisation, and excluding Company corporate expenses and the non-cash items such as unrealised exchange differences and fair value losses on financial instruments.

In 2022, the Group recorded a positive Adjusted EBITDA of HK\$105.1 million, compared to HK\$40.9 million in 2021. This improvement was mainly attributable to the growth in revenue of HK\$106.8 million during 2022, increased by 40% on a year-on-year basis, and an impairment loss of HK\$136.9 million recognised on property, operating right and equipment for the year 2021 whereas no such impairment loss was recorded for the year 2022.

The following table sets forth a reconciliation of Adjusted EBITDA to the reported profit for the year attributable to owners of the Company as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022.

Reconciliation of Adjusted EBITDA to the profit for the year ended 31 December 2022 attributable to owners of the Company:

	2022	2021
	HK\$'000	HK\$'000
Revenue from rolling chip business	–	–
Revenue from mass table business	168,689	113,560
Revenue from electronic gaming business	172,209	134,795
	<hr/>	<hr/>
Net revenue from gaming operations	340,898	248,355
Revenue from hotel operations	31,408	17,164
	<hr/>	<hr/>
Total revenue from gaming and hotel operations	372,306	265,519
Add: Other income	1,032	2,307
Less: Other gains and losses	(375)	(1,941)
Gaming tax	(3,616)	(4,759)
Inventories consumed	(16,021)	(10,726)
Marketing and promotion expenses	(17,156)	(11,492)
Employee benefits expenses	(125,220)	(110,113)
Other expenses	(105,812)	(87,846)
	<hr/>	<hr/>
Total operating expenses	(268,200)	(226,877)
	<hr/>	<hr/>
Adjusted EBITDA of Tigre de Cristal	105,138	40,949
Add: Management fee payable to the Company	10,282	7,486
Less: Company corporate expenses	(25,277)	(24,937)
	<hr/>	<hr/>
	90,143	23,498
Add: Interest income from derivative financial instruments	78,102	53,589
Bank interest income	28,715	8,669
Interest income from short term loan to a fellow subsidiary	24,856	35,000
Income tax credit/(expense)	17,545	(17,859)
Less: Interest on lease liabilities	(799)	(545)
	<hr/>	<hr/>
	238,562	102,352

	2022	2021
	HK\$'000	HK\$'000
<i>Non-cash items:</i>		
Add: Net exchange gains/(losses)	59,973	(695)
Imputed interest income on VAT arrangements	–	472
Less: Fair value losses on derivative financial instruments	(141,912)	(149,135)
Impairment loss recognised on property, operating right and equipment	–	(136,859)
Depreciation and amortisation	(77,499)	(80,350)
Loss on derecognition of financial asset	(35,747)	–
Imputed interest expenses	(12,433)	(9,434)
Share-based compensation benefits	(63)	(162)
	<hr/>	<hr/>
Profit/(loss) for the year of the Group	30,881	(273,811)
Less: (Profit)/loss for the year attributable to non-controlling interests	(19,034)	43,823
	<hr/>	<hr/>
Profit/(loss) for the year attributable to owners of the Company	<u>11,847</u>	<u>(229,988)</u>

Revenue and Segment Reporting

The Group operates only in one operating and reportable segment, i.e. the gaming and hotel operations in the IEZ Primorye of the Russian Far East. Almost all non-current assets of the Group other than derivative financial instruments are located in the Russian Federation. Accordingly, the Group does not present separate segment information other than entity-wide disclosures.

Gaming Operations

Our Gross Gaming Revenue (“GGR”) increased by 40% in 2022 on a year-on-year basis, represented the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs, consisted of the following:

	2022 <i>HK\$’000</i>	Share of GGR %	2021 <i>HK\$’000</i>	Share of GGR %
Rolling chip business	–	0.0%	–	0.0%
Mass table business	219,977	54.7%	145,487	50.9%
Electronic gaming business	<u>181,930</u>	<u>45.3%</u>	<u>140,614</u>	<u>49.1%</u>
Total GGR	<u><u>401,907</u></u>	<u><u>100.0%</u></u>	<u><u>286,101</u></u>	<u><u>100.0%</u></u>

Rolling chip business

Our rolling chip business used to primarily target foreign players. Due to the COVID-19 pandemic and various travel restrictions, no rolling chip business was noted in 2022 and 2021. When COVID-19 hit, we had been remodelling Tigre de Cristal to concentrate on mass table business and electronic gaming business, which primarily targeted local Russian market, and had fine-tuned marketing campaigns accordingly to attract locals rather than the usual foreign tourists.

Mass table business

Our mass table business primarily targets the local Russian market. The table below sets forth the key performance indicators of our mass table business in 2022 on a quarterly basis.

<i>(HK\$ million)</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	2021
Mass table drop	159	195	183	186	723	496
Net win	36	49	41	43	169	113
Net win rate %	22.6%	25.1%	22.4%	23.1%	23.4%	22.8%
Daily average number of tables opened	24	25	24	22	24	24

Mass table drop (measured as the sum of gaming chips purchased or exchanged at the cages) increased by 46% to HK\$723 million in 2022, compared to HK\$496 million in 2021. Net win from mass table business increased by 50% to HK\$169 million in 2022, compared to HK\$113 million in 2021. Net win rate percentage (represented net win as a percent of mass table drop) increased slightly to 23.4% in 2022 from 22.8% in 2021.

Electronic gaming business

Our electronic gaming business primarily targets the local Russian market. The table below sets forth the key performance indicators in 2022 on a quarterly basis.

<i>(HK\$ million)</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	2021
Electronic gaming volume	991	1,190	1,316	1,339	4,836	3,477
Net win	38	45	45	44	172	135
Net win rate %	3.8%	3.8%	3.4%	3.3%	3.6%	3.9%
Daily average number of electronic gaming machines deployed	311	308	308	308	309	299

Electronic gaming volume (measured as the total value of electronic gaming credits wagered by players) was HK\$4,836 million in 2022, an increase of 39% compared to HK\$3,477 million in 2021. The electronic gaming business recorded net win of HK\$172 million, up 27% compared to HK\$135 million in 2021. The net win rate percentage decreased to 3.6% in 2022 from 3.9% in 2021. The average number of electronic gaming machines deployed increased by 3% to 309 in 2022, compared to 299 in 2021.

Hotel Operations

Revenue from hotel operations, including food and beverage income, despite largely dependent on foreign guests before the COVID-19 pandemic, increased to HK\$31.4 million in 2022 or by 83% on a year-on-year basis, as a result of an improvement in the domestic demand. Average hotel occupancy rates, representing the total number of room nights sold divided by the total number of room nights available at Tigre de Cristal, increased to 61% (2021: 55%) during weekends and 30% (2021: 25%) during weekdays in 2022.

Operating Expenses

Against the backdrop of economic uncertainty since the Russia-Ukraine conflict in late February 2022, the Group continued to maintain stringent cost controls during the year. Total operating expenses incurred by Tiger de Cristal were HK\$268.2 million in 2022, increased by 18% compared to HK\$226.9 million in 2021 despite an increase in total revenue by 40% and the annual inflation rate of 11.9% in December 2022 as announced by the Bank of Russia. The general increase in operating expenses was justifiable to cope with the recovery of the local business after the relaxation of the social distancing measures related to the COVID-19 pandemic.

Management fee payable to the Company represented management fee calculated at 3% of the total net gaming revenue generated by Tigre de Cristal and payable to the Company, which will be eliminated in the consolidated financial statements of the Group.

Company corporate expenses mainly consisted of staff costs, audit fees, legal and professional fees and general administrative expenses incurred by the Hong Kong headquarters of the Group.

Interest Income

The Group recognised interest income from derivative financial instruments of HK\$78.1 million, being two convertible bonds issued by Suntrust, and interest income from the Loan to a fellow subsidiary Suntrust of HK\$24.9 million in 2022 (2021: HK\$53.6 million and HK\$35.0 million respectively), all of which generating interest at 6% per annum. The total interest income increased in 2022 because the Loan was advanced to Suntrust on 18 May 2021 rather than a full year of 12 months, which was subsequently set-off against the subscription of the 2022 CB on 10 June 2022.

Bank interest income also increased 2.3 times to HK\$28.7 million in 2022 compared to HK\$8.7 million in 2021, as deposit interest rates were rising globally in 2022 after the Russia-Ukraine conflict.

Fair Value Losses on Derivative Financial Instruments

According to the applicable accounting standards, the derivative financial instruments are recognised at fair value, which is a market-based measurement using assumptions that market participants would use, reflecting market conditions at the measurement date. Accordingly, a quoted price in an active market provides the most reliable evidence of fair value and it has to be used to measure fair value whenever available. COVID-19 related fluctuations in the stock market, however, may adversely affect the market price of the derivative financial investments. The economic uncertainty arising from the Russia-Ukraine conflict has also increased volatility in the capital markets and there can be no assurance that the price of the derivative financial investments will remain at current levels. Besides, the securities markets have experienced significant price and volume fluctuations from time to time that may have been unrelated or disproportionate to the operating performance of particular companies. These broad fluctuations may adversely affect the fair values of the Company's derivative financial investments.

The fair values of the Company's derivative financial instruments have been determined by independent and professional qualified valuers. As the share price of Suntrust quoted on The Philippine Stock Exchange, Inc. has decreased since the beginning of the year, which is the key input parameter for determining the fair values of the convertible bonds issued by Suntrust, the Company recorded a net fair value loss of HK\$142.0 million for 2022 (2021: HK\$149.7 million).

Loss on Derecognition of Financial Asset

The completion of the subscription of the 2022 CB took place on 10 June 2022, and the Loan together with the accrued and unpaid interest to the extent of approximately US\$120.9 million was set-off against the subscription amount. A fair value loss of HK\$35.7 million was recognised by the Company upon derecognition of the Loan as financial asset based on a fair value reassessment by an independent and professional valuer.

Impairment Loss Recognised on Property, Operating Right and Equipment

For the year ended 31 December 2022, no impairment loss had been recognised on property, operating right and equipment.

For the year ended 31 December 2021, the carrying amount of the property, operating right and equipment of the Group was written down to the recoverable amount of HK\$1,135 million and an impairment loss of approximately HK\$136.9 million had been recognised, based on the reassessment of the fair values of the Group's assets primarily due to the postponement of TdC Phase II and the related changes in cash flow expectations, after taking into consideration of the following reasons:

(a) COVID-19 impact on the global economy

After 2 years since the World Health Organisation (the “**WHO**”) declared that COVID-19 was a pandemic, the global economy was poised to stage its recovery. However, the outlook was subject to considerable uncertainty: a more persistent pandemic, a wave of corporate bankruptcies, financial stress, or even social unrest could derail the recovery. Global inflation, which had increased along with the economic recovery, was anticipated to continue to rise. Recovery was expected to start later and be slower than previously foreseen. Since the Omicron variant of COVID-19 was named by the WHO on 26 November 2021, it had moved at lightning speed and caused record peaks in cases around the world. COVID-19 vaccines had not given as much protection against the disease as had been hoped and a rise in vaccinated people becoming infected with COVID-19 had cast doubt over the lasting efficacy of the vaccines.

(b) COVID-19 impact on the tourism industry

Tourism-dependent businesses, like the rolling chip business of Tigre de Cristal, would likely suffer the negative impacts of the COVID-19 pandemic for much longer than other industries. Labour and contact-intensive services being key to the tourism and travel sectors were disproportionately affected by the pandemic and would continue to struggle until people feel safe to travel again. Tourism activities were likely to be among the last to restart, and on a phased basis. Even when these businesses did open, they would be under new operating procedures and extensive hygiene and health measures. The impact of COVID-19 could bring long-term and structural changes to the tourism industry.

(c) COVID-19 impact on the gaming industry

The pandemic had severely affected the business environment of the gaming industry, particularly the land-based casinos like Tigre de Cristal. The atmosphere became weird when everyone wore a mask in the integrated resort, which might reduce customers' purchasing behavior and satisfaction. Concerns were also raised about gamblers moving online to riskier forms of gambling during lockdown, which could be temporary or permanent in nature.

(d) Travel restrictions and quarantine measures as a result of COVID-19

Whilst various quarantine and lockdown measures within the Russian Federation had been relaxed in 2021, Tigre de Cristal was still being adversely impacted due to the imposition of significant restricted travel and quarantine measures in many other Asian countries which was reducing foreign visitors to Tigre de Cristal. Resumption of regular international flights among the Asian countries had yet to be taken. China, one of the target feeder markets of the casinos in Asia including Tigre de Cristal, continued its zero-COVID policy since the onset of the pandemic until late 2022, which had been among the strictest approaches anywhere in the world. Travel to and from China was strictly restricted with weeks-long hotel quarantines on return and flight options severely limited, which created a black hole for global tourism. The dramatic drop in Chinese outbound tourism numbers in terms of both departures and expenditure would have a lasting impact on Tigre de Cristal's rolling chip business.

(e) Uncertainties in the Asian gaming industry

In September 2021, the Macau government kicked off the procedure for the revision of the gaming law aiming at tightening its control on the licensed casinos and gaming promoters. In December 2021, certain casinos in Macau decided to close the VIP gaming rooms run by gaming promoters while certain gaming promoters suspended operations because partnerships with casinos were halted. Without the bespoke marketing efforts and services of the gaming promoters including, but not limited to, arrangement of the travel visa, transportation, accommodation, complimentary items/services and rebate, the total number of high rollers in Asia might decrease.

Depreciation and amortisation

Depreciation and amortisation expenses consisted of depreciation charges on property, operating right and equipment, and amortisation of intangible assets. Depreciation and amortisation of the Group decreased by 3.5% to HK\$77.5 million in 2022, compared to HK\$80.4 million in 2021, when some assets of the Group became fully depreciated.

Finance Costs

The Group had no outstanding bank borrowing throughout the years ended 31 December 2022 and 2021. Finance costs of the Group primarily comprised non-cash imputed interest on the loans from non-controlling shareholders of Oriental Regent by applying the effective interest method at recognition, although the loans are non-interest bearing. The gradual increase in finance costs was due to the compound interest effect.

Gaming Tax

Unlike most other jurisdictions in Asia, gaming tax in the Russian Federation is not levied on a percentage of gaming revenue. The Russian Federation has established a gaming tax regime which is based on a fixed levy on each gaming table and gaming machine deployed in a particular calendar month in the casino. Gaming taxes are payable to the local governments, who can set their own tax rate based on a range stipulated by the Tax Code of the Russian Federation. In 2022 and 2021, the monthly rates per gaming table and per gaming machine applicable to the Group were Russian rouble (“**RUB**”) 125,000 and RUB7,500 respectively.

In response to the COVID-19 outbreak, the local government of the Primorye Region has introduced various relief measures and granted gaming tax reduction to lower the gaming tax rates to RUB50,000 per gaming table and RUB3,000 per electronic gaming machine from June 2021 to December 2022 provisionally.

Income Tax Credit/(Expense)

No provision for taxation in Hong Kong has been made as the Group has no assessable profit in 2022 and 2021. As at 31 December 2022, the Group had unused tax losses of HK\$35.1 million (31 December 2021: HK\$31.1 million) available under Hong Kong Profits Tax for offset against future profits.

G1 Entertainment has an exemption from the Russian corporate tax on profit generated from gaming operations. As for non-gaming revenues, the Group's subsidiaries in the Russian Federation are subject to the Russian corporate tax rate which currently stands at 20%. As at 31 December 2022, the Group had unused tax losses of approximately HK\$603.4 million (31 December 2021: approximately HK\$589.5 million) available under Russian corporate tax and all losses may be carried forward indefinitely. The Group believes that these unrecognised tax losses are adequate to offset any adjustments related to uncertain tax matters that might be proposed by the Russian tax authorities.

Profit/(loss) Attributable to Owners of the Company

Profit attributable to owners of the Company was HK\$11.8 million in 2022, compared to a loss of HK\$230.0 million in 2021.

Final Dividend

The Board did not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: nil).

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a strong financial position and the equity attributable to owners of the Company was HK\$3,180.4 million as at 31 December 2022 (2021: HK\$3,168.4 million). Our business is capital intensive, and we rely heavily on the ability of our property to generate operating cash flows to maintain operations. When necessary and available, we supplement the cash flows generated by our operations with funds provided by equity financing activities.

The Group had no outstanding bank borrowing throughout the year ended 31 December 2022 (2021: Nil). Thus, the gearing ratio, expressed as a percentage of total borrowings divided by total assets, was zero percent as at 31 December 2022 (2021: 0%).

The Group had unsecured, unguaranteed and non-interest bearing loans from non-controlling shareholders of Oriental Regent with a principal amount of US\$22.4 million (approximately HK\$174.3 million) as at 31 December 2022 (2021: US\$24.6 million (approximately HK\$190.6 million)).

On 16 November 2020, the Company issued the US\$3,000,000, 5-year zero-coupon convertible bonds to settle the acquisition of 2.5% equity interest in Oriental Regent together with the US\$1,892,275 shareholder's loan due and owing by Oriental Regent from Sharp Way Group Limited, which is convertible to the Shares at the initial conversion price of HK\$3.5 per Share (subject to adjustment in the event of consolidation, reclassification or subdivision of the Shares).

The Group remains conservative in its working capital management. As at 31 December 2022, net current assets of the Group were HK\$901.7 million (2021: HK\$1,625.7 million) and the current ratio (represented a comparison of current assets to current liabilities) was 17.3, compared to 26.3 as at 31 December 2021. Cash and cash equivalents were HK\$831.9 million at 31 December 2022 (2021: HK\$606.6 million), comprised 55.2% in HK\$, 22.0% in RUB, 20.5% in US\$ and 2.3% in RMB. The majority of our cash equivalents at 31 December 2022 was in fixed deposits with a maturity of three months or less generally.

The following table sets forth a summary of the Group's cash flows in 2022 and 2021:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	85,825	20,061
Net cash generated from/(used in) investing activities	106,575	(972,863)
Net cash used in financing activities	(24,701)	(1,879)
Net increase/(decrease) in cash and cash equivalents	167,699	(954,681)
Cash and cash equivalents at the beginning of the year	606,575	1,562,263
Effect of foreign exchange rate changes	57,587	(1,007)
Cash and cash equivalents at the end of the year	<u>831,861</u>	<u>606,575</u>

Net cash generated from operating activities of HK\$85.8 million in 2022 and HK\$20.1 million in 2021 represented the positive cash inflows generated from the operations of Tigre de Cristal.

Net cash generated from investing activities of HK\$106.6 million in 2022 was mainly attributable to (1) the one-off remaining balance of the Indebted Amount of approximately US\$6.8 million (equivalent to approximately HK\$53.3 million) paid by Suntrust after the subscription of the 2022 CB, (2) the interest income received from the convertible bonds issued by Suntrust of approximately HK\$41.0 million (2021: Nil), which is payable yearly in arrears, and (3) the interest income received from banks of HK\$28.7 million (2021: HK\$8.7 million). Net cash used in investing activities of HK\$972.9 million in 2021 was mainly due to the Loan of approximately HK\$924.8 million.

Net cash used in financing activities of HK\$24.7 million in 2022 mainly represented the repayment of loans from non-controlling shareholders of a subsidiary of approximately HK\$17.5 million and the repayment of lease liabilities of approximately HK\$7.2 million. Net cash used in financing activities of HK\$1.9 million in 2021 primarily represented the repayment of lease liabilities.

Management believes that the Group has the capital resources and liquidity necessary to meet its commitments, support its operations, finance capital expenditures, and support growth strategies, because the Group has adequate cash and cash equivalents, and the ability to generate cash from operations.

Charge on Assets

None of the Group's assets were pledged or otherwise encumbered as at 31 December 2022 and 2021.

Exposure to Fluctuations in Exchange Rates

The functional currency of the Company is HK\$ and the consolidated financial statements of the Group are presented in HK\$.

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

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

Since late February 2022, RUB had plunged nearly 90% after Western nations announced unprecedented moves to block some Russian banks from SWIFT and to restrict the Russian Federation from deploying its foreign currency reserves. But then the Russian government pulled out all the stops to save RUB, including the Bank of Russia more than doubling the key interest rate to 20% per annum and imposing strict capital controls to avoid cash from leaving the country. Also, the Russian government demanded that all “unfriendly” countries, those that imposed sanctions, pay for Russian oil and natural gas in RUB. As the energy prices are at multiyear highs, the Russian Federation had its highest current account surplus in 2022. The Bank of Russia has been gradually reversing the key interest rate and cut it back to 7.5% per annum on 19 September 2022, citing a slowing in inflation and the recovery of RUB. RUB had ever jumped more than 30% compared with that at the end of 2021 and has bounced back to where it was before the Russia-Ukraine conflict. As a result, the Group recorded net exchange gains of approximately HK\$60.0 million for the year ended 31 December 2022 when the Group’s consolidated financial statements are presented in HK\$, which mainly arose from the retranslation of the Group’s monetary items denominated in RUB.

Capital Commitment

The Group’s capital commitment as at 31 December 2022 amounted to approximately HK\$12,637,000 for maintenance, improvement and refurbishment works of Tigre de Cristal (2021: HK\$1,455,000).

Contingent Liabilities

There were no contingent liabilities as at 31 December 2022 and 2021.

Employees

As at 31 December 2022, total number of employees employed by the Group was 996 (2021: 994). Currently, more than 97% of our full-time employees are local Russian citizens (2021: 97%). The Group continues to provide remuneration packages and training programs to employees in line with prevailing market practices. In addition to the contributions to employees’ provident fund and medical insurance programs, the Company has a share option program in place and occasionally may grant shares options to directors, employees and consultants of the Group as incentives.

Anti-Money Laundering Policy

The Russian gaming industry is one of the most heavily regulated and controlled business sectors in the country, and governed by the Russian Federal Law No. 115-FZ of 7 August 2001 “On Countering the Legalisation (Laundering) of Proceeds from Crime and Financing of Terrorism” in relation to the anti-money laundering and counter-terrorist financing measures (the “**AML/CFT**”). According to the AML/CFT Mutual Evaluations Report on the Russian Federation published by the Financial Action Task Force (FATF), the Eurasian Group and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe (MONEYVAL) in December 2019, Russian authorities have an in-depth understanding of the country’s money laundering and terrorist financing risks and a robust legal framework for combating terrorist financing, which is largely in line with international standards. Also, the Russian Federation has improved its legal framework and operational approach to enhance transparency of legal persons, which makes it more difficult to misuse a legal person established in the country.

The Federal Tax Service of Russia is responsible for the AML/CFT supervision of casinos. Tigre de Cristal must undertake certain anti-money laundering procedures, including mandatory review of pay-outs of more than RUB600,000 (equivalent to approximately HK\$66,000) in value and the filing of reports with the Federal Financial Monitoring Services of the Russian Federation, also known as Rosfinmonitoring, which is directly under the authority of the President of the Russian Federation and aimed to collect and analyze information about financial transactions in order to combat domestic and international money laundering, terrorist financing, and other financial crimes. Furthermore, Tigre de Cristal has adopted its own anti-money laundering and combating the financing of terrorism policies in accordance with the provisions of the Russian AML/CFT laws and the key components include: internal control systems; a special officer to oversee the daily compliance; client identification and screening; and reporting unusual transactions subject to mandatory requirements.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Wednesday, 24 May 2023. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 19 May 2023 to Wednesday, 24 May 2023 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18 May 2023.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2022, apart from the deviation mentioned below.

Pursuant to code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Lo Kai Bong, the Deputy Chairman of the Board at the date of annual general meeting, was unable to attend the annual general meeting of the Company held on 27 May 2022 due to his other business commitment. The Board has arranged for Mr. Chiu King Yan, the Executive Director, who was well versed in all business activities and operations of the Group, to attend and chair the annual general meeting on behalf of Mr. Lo Kai Bong and to respond to questions from the shareholders of the Company. The Company will continue to optimize the planning and procedures of annual general meetings by, for example exploring the use of technology, to minimize the impact of any future unpredictable episode and facilitate the Chairman of the Board to attend future annual general meetings of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

The Company has adopted its own code for dealing in the Company’s securities by Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the “**Code of Securities Dealings**”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “**Model Code**”). We have received confirmation from all Directors that they have complied with the required standards set out in the Mode Code and the Code of Securities Dealings throughout the year ended 31 December 2022.

AUDIT COMMITTEE

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

The Group's annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee and audited by the independent auditor of the Group, Crowe (HK) CPA Limited.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

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

This announcement is published on the Company's website (<http://www.saholdings.com.hk>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>). The 2022 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Hong Kong Stock Exchange in due course in accordance with the Listing Rules.

BOARD OF DIRECTORS

As at the date of this announcement, the Company's Executive Directors are Mr. Lo Kai Bong (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.

By Order of the Board of
Summit Ascent Holdings Limited
Lo Kai Bong
Chairman

Hong Kong, 29 March 2023