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SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 102)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO SHARES HELD ON THE RECORD DATE;**
- (2) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT;**
- (3) APPLICATION FOR WHITEWASH WAIVER;**
- (4) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION FOR CONVERTIBLE BONDS;**
- (5) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (6) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- AND**
- (7) CLOSURE OF REGISTER OF MEMBERS**

Financial adviser to the Company



I. THE PROPOSED RIGHTS ISSUE

Subject to, among other conditions, the approval by the Independent Shareholders at the SGM, the Board proposed to raise not less than approximately HK\$1,623.40 million before expenses (assuming no Share Options being exercised) and not more than approximately HK\$1,641.86 million before expenses (assuming all Share Options being exercised other than Share Options which are under the Option Holders' Undertakings) by the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.6 per Rights Share.

The Rights Issue will be fully underwritten by the Underwriter. Details of the underwriting arrangement are set out in "THE UNDERWRITING AGREEMENT" in this announcement.

Closure of register of members

The register of members of the Company will be closed from Monday, 13 July 2020 to Thursday, 16 July 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from Wednesday, 22 July 2020 to Tuesday, 28 July 2020 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

Irrevocable Undertaking

As at the date of this announcement, (i) Victor Sky, a wholly owned subsidiary of Suncity, is beneficially interested in 397,006,464 Shares, representing approximately 22.01% of the existing issued Shares of the Company; and (ii) Suncity is beneficially interested in 49,302,000 Shares, representing approximately 2.73% of the existing issued Shares of the Company. Pursuant to the Irrevocable Undertaking, each of Victor Sky and Suncity has provided irrevocable and unconditional undertakings to the Company that (i) all of the abovementioned Shares will continue to be beneficially owned by each of them as on the Record Date; and (ii) each of them will accept and pay for 595,509,696 Rights Shares and 73,953,000 Rights Shares respectively to be provisionally allotted to each of them under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.

The Underwriting Agreement

On 1 June 2020 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed pursuant to the Irrevocable Undertaking. Details of the major terms and conditions of the Underwriting Agreement are set out in “THE UNDERWRITING AGREEMENT” in this announcement.

II. MAJOR AND CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION FOR CONVERTIBLE BONDS

On 1 June 2020 (after trading hours), the Subscriber and SunTrust entered into the Subscription Agreement, pursuant to which SunTrust has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds which may be converted into the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds.

III. PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes that, the board lot size of the Shares for trading on the Stock Exchange be changed from 2,000 Shares to 4,000 Shares with effect from 9:00 a.m. on Monday, 24 August 2020. In order to facilitate the trading of odd lots (if any), the Company will arrange odd lot matching services.

IV. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the Company’s authorised share capital is HK\$80 million divided into 3,200,000,000 Shares. In order to facilitate the Rights Issue and to provide the Company with greater flexibility for potential future fund raising activities, the Company proposes that the authorised share capital of the Company be increased to HK\$150 million divided into 6,000,000,000 Shares. The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM.

LISTING RULES IMPLICATIONS

Rights Issue and the Underwriting Agreement

As the Rights Issue will increase the number of issued Shares by more than 50%, pursuant to Rule 7.19A(1) and 7.27(A) of the Listing Rules, among other things, the Rights Issue must be made conditional upon the approval by the Independent Shareholders at the SGM and as the Company has no controlling Shareholder, the Directors (other than the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

As at the date of this announcement, the Underwriter is a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As such, Victor Sky, Suncity and Dr. U Chio Jeong (a non-executive Director holding approximately 2.27% of the issued Shares) and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

The Subscription

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Subscription exceed 25% but are all less than 100%, the Subscription constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further, as at the date of this announcement, SunTrust is a non-wholly owned subsidiary of Suncity, the beneficial owner of a substantial shareholder of the Company, who is directly and indirectly holding an aggregate of approximately 24.74% of the Company's issued share capital. SunTrust is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Underwriter and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 487,214,464 Shares, representing approximately 27.01% of the issued share capital of the Company (24.74% if class (6) presumption under the definition of “acting in concert” under the Takeovers Code are excluded). Assuming no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of the Underwriter and Suncity pursuant to the Irrevocable Undertaking) and no placement will be made under the Compensatory Arrangements, the Underwriter will be required to take up a maximum amount of 2,066,975,058 Rights Shares (assuming new Shares are issued solely pursuant to full exercise of all Share Options other than Share Options which are under the Option Holders’ Undertakings on or before the Record Date). In such circumstance and upon completion of the Rights Issue, the Underwriter and parties acting in concert with it (excluding parties presumed to be acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code only (i.e. Dr. U Chio Jeong)) will, in aggregate, be interested in 3,182,746,218 Shares, representing approximately 69.78% of the issued share capital of the Company as enlarged by the Rights Shares. Accordingly, the Underwriter would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it if the Underwriter is required to underwrite such number of Rights Shares under the Rights Issue that would bring the aggregate interests of the Underwriter and parties acting in concert with it in the Company to or above 30%, unless the Whitewash Waiver is granted. Upon completion of the Rights Issue, Dr. U Chio Jeong will no longer be presumed as acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, the approval by at least 75% of the Independent Shareholders at the SGM by way of poll, and the Subscription, Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the SGM by way of poll. The Directors (excluding the members of the Independent Board Committee) the chief executive of the Company and their respective associates; the Underwriter, its associates and parties acting in concert with the Underwriter; and any Shareholders who are involved in, or interested in, or have a material interest in the Subscription, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors (namely Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung), has been established to advise the Independent Shareholders in respect of the Subscription, the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the transactions contemplated thereunder respectively, and the Whitewash Waiver, and as to the voting action therefor. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in these regards. An announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

DESPATCH OF CIRCULAR

The Circular containing, among others, (i) further details of the Subscription, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Increase in Authorised Share Capital; (ii) a letter of recommendations from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Subscription, the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the Whitewash Waiver; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the SGM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve.

Subject to, among others, the Subscription, the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the Whitewash Waiver being approved at the SGM and upon the Increase in Authorised Share Capital becoming effective, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors of the Company should note that (i) the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in “The Underwriting Agreement – Termination of the Underwriting Agreement” in this announcement); and (ii) completion of the Subscription is subject to the fulfillment and/or waiver of certain conditions. Accordingly, the Rights Issue and the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company. If in doubt, Shareholders and potential investors are recommended to consult their professional adviser(s).

PROPOSED RIGHTS ISSUE

Subject to, among other conditions, the approval by the Independent Shareholders at the SGM, the Board proposes to raise not less than approximately HK\$1,623.40 million before expenses (assuming no Share Options being exercised) and not more than approximately HK\$1,641.86 million before expenses (assuming all Share Options being exercised other than Share Options which are under the Option Holders' Undertakings) by the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.6 per Rights Share.

On 1 June 2020 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every two (2) existing Shares held at the close of business on the Record Date
Subscription Price	:	HK\$0.6 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,803,777,836 Shares
Minimum number of Rights Shares (<i>assuming no new Shares are issued (including none are issued under the Share Options) and no buyback of Shares from the date of this announcement up to and inclusive of the Record Date</i>)	:	2,705,666,754 Rights Shares, represent approximately: <ul style="list-style-type: none">• 150% of the Shares in issue as at the date of this announcement; and• 60.00% of enlarged issue share capital of the Company immediately upon completion of the Rights Issue

Maximum number of Rights Shares (<i>assuming new Shares are issued solely pursuant to full exercise of all Share Options other than Share Options which are under the Option Holders' Undertakings and no buyback of Shares from the date of this announcement up to and inclusive of the Record Date</i>)	:	2,736,437,754 Rights Shares, represent approximately: <ul style="list-style-type: none"> • 151.71% of the Shares in issue as at the date of this announcement; and • 60.00% of enlarged issue share capital of the Company immediately upon completion of the Rights Issue
Amount to be raised before expenses	:	Not less than approximately HK\$1,623.40 million (assuming no Share Options being exercised) and not more than approximately HK\$1,641.86 million (assuming all Share Options being exercised other than Share Options which are under the Option Holders' Undertakings)
Aggregate nominal value of the Rights Shares	:	Not less than approximately HK\$67.64 million and not more than approximately HK\$68.41 million
Number of Rights Shares underwritten by the Underwriter	:	All the Rights Shares other than the Committed Shares, being not less than 2,036,204,058 Rights Shares and not more than 2,066,975,058 Rights Shares
Enlarged number of Shares in issue immediately upon completion of the Rights Issue	:	Not less than 4,509,444,590 Shares (assuming no new Shares are issued (other than the Rights Shares) and no buyback of Shares from the date of this announcement up to and inclusive of the date of completion of the Rights Issue) and not more than 4,560,729,590 Shares (assuming new Shares are issued solely pursuant to full exercise of all Share Options other than Share Options which are under the Option Holders' Undertakings and no buyback of Shares from the date of this announcement up to and inclusive of the date of completion of the Rights Issue)

As at the date of this announcement, there are outstanding Share Options carrying the right to subscribe for a total number of 22,514,000 Shares under the Share Option Scheme, of which 7,104,000 Share Options are divided into 2 tranches exercisable from 1 September 2016 and 1 September 2017 respectively to 31 August 2021 (both days inclusive) at an exercise price of HK\$1.99 per Share and 15,410,000 Share Options are exercisable from 13 December 2018 to 12 December 2023 (both days inclusive) at an exercise price of HK\$0.98 per Share. Save as disclosed above, as at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

By virtue of the connection between Mr. Chau and Mr. Lo and the Underwriter as disclosed in the section headed “THE UNDERWRITING AGREEMENT” in this announcement below, each of Mr. Chau and Mr. Lo is deemed to have a material interest (or a potential conflict of interest) in the transactions contemplated under the Underwriting Agreement and has abstained from voting on the Board resolutions which approved the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Subscription Price

The Subscription Price is HK\$0.6 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to the Qualifying Shareholder’s shareholding in the Company held on the Record Date.

The Subscription Price:

- (i) is equivalent to the closing price of HK\$0.600 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a premium of approximately 0.67% over the average of the closing price of approximately HK\$0.596 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) represents a discount of approximately 1.48% to the average of the closing price of approximately HK\$0.609 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

- (iv) is equivalent to the theoretical ex-rights price of HK\$0.600 per Share based on the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) represents a discount of approximately 34.21% to the audited consolidated net asset value per Share of approximately HK\$0.912 based on the published audited equity attributable to owners of the Company of approximately HK\$1,644.39 million as at 31 December 2019 as extracted from the annual report of the Company for the year ended 31 December 2019 and the issued share capital of the Company of 1,803,777,836 Shares as at the date of this announcement.

There is no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) given that the theoretical diluted price of HK\$0.600 per Share is equivalent to the benchmarked price of HK\$0.600 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.600 per Share and the average closing prices of the Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.596 per Share).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, among other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions including but not limited to, the percentage discount(s) in other recent market comparable rights issues, the market price of the Shares prior to and including the Last Trading Day and the amount of funds the Company intends to raise under the Rights Issue; and (iii) the funding and capital needs of the Group for its business plans and prospects set out in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE SUBSCRIPTION" in this announcement below.

After taking into consideration the reasons for the Rights Issue as stated in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE SUBSCRIPTION" below, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the Circular after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK0.598.

Irrevocable Undertaking

As at the date of this announcement, (i) Victor Sky (i.e. the Underwriter), a wholly owned subsidiary of Suncity, is beneficially interested in 397,006,464 Shares, representing approximately 22.01% of the existing issued Shares of the Company; and (ii) Suncity is beneficially interested in 49,302,000 Shares, representing approximately 2.73% of the existing issued Shares of the Company. Pursuant to the Irrevocable Undertaking, Victor Sky and Suncity have irrevocably and unconditionally undertaken to the Company and the Underwriter to, among other things and subject to the granting of the Whitewash Waiver by the Executive accept and pay for in full the Committed Shares (being 595,509,696 Rights Shares and 73,953,000 Rights Shares respectively to be provisionally allotted to Victor Sky and Suncity respectively under the Rights Issue) on or before the Latest Time for Acceptance in accordance with the terms and conditions of the Prospectus Documents.

The Option Holders' Undertakings

As at the date of this announcement, each of Mr. Lau Yau Cheung and Mr. Li Chak Hung, each an independent non-executive Director and holding outstanding Share Options carrying the right to subscribe for 1,000,000 Shares, has signed an Option Holders' Undertaking not to exercise the Share Options held by each of them from the date of the undertaking to and up to the date of completion of the Rights Issue or, where applicable, date of lapse of the Rights Issue.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date but will only send the Prospectus (without the PAL), for information purposes only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 10:00 a.m. on Tuesday, 21 July 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 17 July 2020 and the Shares will be dealt with on an ex-rights basis from Monday, 20 July 2020.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements, if any). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Holders of Share Options

The holders of the Share Options who wish to participate in the Rights Issue should exercise the Share Options in accordance with the terms and conditions of the Share Option Scheme, and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Closure of register of members

The register of members of the Company will be closed from Monday, 13 July 2020 to Thursday, 16 July 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from Wednesday, 22 July 2020 to Tuesday, 28 July 2020 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the date of this announcement, there is one Overseas Shareholder holding an aggregate of 4,131,220 Shares.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) will not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold in the market in their nil-paid form as soon as practicable after dealing in nil-paid Rights Shares commence and before dealing in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

For the avoidance of doubt, the Non-Qualifying Shareholders will be entitled to vote at the SGM unless such person is an associate of Victor Sky or a member of the Concert Group or is otherwise not an Independent Shareholder.

Any NQS Unsold Rights Shares will first be placed by the Placing Agent under the Placing Agreement together with the Unsubscribed Rights Shares, and if unsuccessfully sold, will be taken up by the Underwriter.

Net Gain (if any) will be paid (without interest) on a pro-rata basis (but rounded down to the nearest cent) to the relevant No Action Shareholders according to their shareholdings held on the Record Date in Hong Kong dollars on the basis of all NQS Unsold Rights Shares and Unsubscribed Rights Shares. The Company will retain individual amounts of less than HK\$100 for its own benefit.

For the nil-paid Rights Shares that are sold in the market by the Company, if the buyer(s) of such nil-paid Rights Shares does not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on Friday, 21 August 2020 by ordinary post to the allottees, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares. If the Rights Issue is terminated, refund cheques are expected to be despatched on or before Friday, 21 August 2020 by ordinary post at the respective Shareholders' own risk.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated, rounded down to the nearest whole number and will be disposed of by the Company in the open market if a premium (net of expenses) can be obtained. The Company will keep the net proceeds for its own benefits. The unsold fractions of the Right Shares will be underwritten by the Underwriter.

Odd lots matching services

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue and the Change in Board Lot Size, the Company will arrange the odd lots matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Rights Shares. Details of the odd lots arrangement will be set out in the Circular to be despatched to the Shareholders in respect of, among others, the Subscription, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other fees and charges payable

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements

Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriter is a substantial shareholder of the Company which is beneficially interested in an aggregate of 397,006,464 Shares, representing approximately 22.01% of the existing issued Shares, the Company must make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(2) of the Listing Rules.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m., on Wednesday, 19 August 2020, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any) will be paid on a pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Conditions of the Rights Issue

The Rights Issue is not conditional on the Subscription Agreement having been signed or completed but will be conditional upon (i) obtaining the Independent Shareholders' approval for the Rights Issue, Underwriting Agreement and the Whitewash Waiver; and (ii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. For details of the conditions of the Underwriting Agreement, please refer to "Underwriting Agreement – Conditions of the Underwriting Agreement" in this announcement.

THE PLACING AGREEMENT

On 1 June 2020 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date : 1 June 2020 (after trading hours)

Placing Agent : Merdeka Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

The Placing Agent confirmed that:

- (a) it is an Independent Third Party;
- (b) as at the date of this announcement, neither the Placing Agent nor any of its associates hold any Shares; and
- (c) there is no arrangement, agreement, understanding or undertaking with the Underwriter in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, save for the proposed terms of the Underwriting Agreement by which the Underwriter will take up all Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

Placing fee and expenses : The higher of HK\$150,000 or 1.50% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and reimbursement for the expenses in relation to the Placing (including but not limited to all out-of-pocket expenses actually and reasonably incurred by the Placing Agent in connection with the Placing), which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at the completion of the Placing.

- Placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) :
- The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (i.e. the prevailing market price of the Shares as compared to the Subscription Price during the process of placement).
- The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall not be less than the Subscription Price. It is impractical for the placing price to be higher than the prevailing market price of the Shares during the process of placement.
- Placees :
- The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placees who and whose ultimate beneficial owner(s) are Independent Third Parties.
- For the avoidance of doubt, no Placee shall become a substantial shareholder of the Company.
- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares :
- The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Condition Precedent :
- The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional and not terminated in accordance with the Underwriting Agreement.
- Placing Completion Date :
- Friday, 21 August 2020/on the second Business Day after the Latest Placing Date or such other date as the Company and the Placing Agent may agree in writing.

Termination

: The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given by the Placing Agent to the Company at any time prior to 10:00 a.m. on the date of completion of the Placing, which shall be the second Business Day after the Latest Placing Date (or such other date as the Company and the Placing Agent may agree in writing) upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (i) there develops, occurs or comes into force:
 - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (c) any change in conditions of local, national or international securities markets occurs; or
 - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
 - (f) any suspension in the trading of Shares on the Stock Exchange for a continuous period of five Business Days; or
- (ii) any breach of any of the representations and warranties of the Company set out in Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
 - (iii) there may or will be likely that the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will not be approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any Placees as contemplated under the Placing Agreement.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. The Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

THE UNDERWRITING AGREEMENT

The principal terms and conditions of the Underwriting Agreement are set out below:

Date	:	1 June 2020 (after trading hours)
Underwriter	:	Victor Sky Holdings Limited, a substantial shareholder of the Company, beneficially interested in 397,006,464 Shares, representing approximately 22.01% of the existing issued Shares of the Company
Total number of Underwritten Shares	:	All the Rights Shares other than the Committed Shares, being not less than 2,036,204,058 Rights Shares and not more than 2,066,975,058 Rights Shares
Commission	:	The Underwriter will not receive any underwriting commission in respect of the maximum number of Underwritten Shares for which the Underwriter has agreed to subscribe or procure subscription.

Subject to the fulfilment of the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms of the Underwriting Agreement, the Underwriter has agreed to subscribe or procure the subscription for all Underwritten Shares that are not taken up by the Qualifying Shareholders and not placed by the Placing Agent under the Compensatory Arrangements, unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares and unsold fractions of the Rights Shares.

The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions in view of global economic uncertainty arising from the impact of the Covid-19 coronavirus.

Mr. Chau, the Chairman and a non-executive Director, is an executive director and a controlling shareholder of Suncity. Mr. Lo, an executive Director, is also an executive director of Suncity. Each of Mr. Chau and Mr. Lo is deemed to have a material interest (or a potential conflict of interest) in the transactions contemplated under the Underwriting Agreement and has abstained from voting on the Board resolutions approving the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver. Notwithstanding the above, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the Circular of the Company after having been advised by the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Prior to approaching the Underwriter to act as the underwriter to fully underwrite the Rights Issue, the Company approached three independent securities brokers to act as the underwriter to fully underwrite the Rights Issue, but none of them was willing to act as the underwriter to fully underwrite the Rights Issue given the prevailing market conditions. Thereafter, the Company approached the Underwriter which is the substantial shareholder of the Company. It is not in the ordinary course of business of the Underwriter to underwrite issues of shares. The Underwriter's role as an underwriter in respect of the Rights Issue and the Irrevocable Undertaking given by itself and Suncity signify strong support from a substantial shareholder of the Company to the Group and its confidence in the prospects and development of the Group.

Since no commission is payable to the Underwriter, the Board (excluding the members of the Independent Board Committee whose opinion will be set forth in the Circular of the Company after having been advised by the Independent Financial Adviser) considers that the Underwriting Agreement is on normal commercial terms or better and is fair and reasonable so far as the Shareholders are concerned.

Conditions of the Underwriting Agreement

The obligations of the Underwriter to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement are not conditional on the Subscription Agreement having been signed or completed but are conditional on the fulfilment (or waiver, if applicable, by the Underwriter and subject as mentioned below) of the following conditions:

- (1) the Company despatching the Circular together with the form of proxy to the Shareholders and the passing of the resolutions for approving the Rights Issue and the Increase in Authorised Share Capital of the Company from HK\$80,000,000 to HK\$150,000,000 at the SGM;
- (2) the approval by the Independent Shareholders of the Rights Issue and the Underwriting Agreement (and the transactions contemplated under the Underwriting Agreement) (more than 50% of the Independent Shareholders at the SGM by way of poll), and the Whitewash Waiver (at least 75% of the Independent Shareholders at the SGM by way of poll), in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;
- (3) the grant by the Executive of the Whitewash Waiver (and such grant not having been withdrawn or revoked) and the satisfaction of any condition as may be attached to the Whitewash Waiver granted;
- (4) the grant (or agreement to grant) by the Listing Committee of the Stock Exchange (and such grant not having withdrawn or revoked) of the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) (subject only to allotment and despatch of the appropriate documents of title) by no later than the business day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively);
- (5) the delivery of the Prospectus to the Stock Exchange and the issue by the Stock Exchange on or prior to the Prospectus Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (6) registration of the Prospectus Documents (and other documents required to be attached thereto) with the Registrar of Companies in Hong Kong on or before the Prospectus Posting Date;
- (7) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;

- (8) the Shares remain listed on the Stock Exchange and no indication being received before the Latest Time for Termination from the Stock Exchange that such listing may be withdrawn or objected to (or conditions will or may be attached thereto);
- (9) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares pursuant to the Rights Issue;
- (10) the compliance with and performance of all the Company's obligations and undertakings under the Underwriting Agreement and by the time specified;
- (11) no breach of any of the warranties of the Company contained in the Underwriting Agreement by the Latest Time for Termination;
- (12) each of the Committed Shareholders complying with its obligations under the Undertaking Letter;
- (13) each of Mr. Lau Yau Cheung and Mr. Li Chak Hung as holders of the Share Options providing his Option Holders' Undertaking, and complying with his obligations under his Option Holders' Undertaking;
- (14) the Placing Agreement not being terminated on or before the Latest Time for Termination;
- (15) the Underwriting Agreement not being terminated by the Underwriter pursuant to its terms on or before the Latest Time for Termination; and
- (16) (where required) the approval by the shareholders of Suncity of the acquisition of interest in the Company as a result of taking up of the Underwritten Shares pursuant to the Underwriting Agreement.

None of the Company and the Underwriter may waive the conditions precedent set out in the above conditions (1) to (9) and (12) to (16). The Underwriter may waive the conditions precedent set out in the above conditions (10) to (11) in whole or in part by written notice to the Company.

If the conditions precedent are not satisfied and/or waived (to the extent such conditions precedent are capable of being waived) in whole or in part by the Latest Time for Acceptance or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save in respect of any provisions, clauses and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

Termination of the Underwriting Agreement

If at any time prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, or come into effect:

- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever; or
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
- (3) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
- (6) any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs,

which event or events is or are in the reasonable opinion of the Underwriter:

- (1) likely to have a material adverse effect on the business or the financial or trading position or prospects of the Group as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it; or
- (3) make it inexpedient or inadvisable to proceed further with the Rights Issue,

the Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine. If the Underwriting Agreement is terminated, the Rights Issue will not proceed.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue, which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled (or insofar as any of them can be waived, waived):

2020

Announcement of the Rights Issue Monday, 1 June

Expected date of despatch of the Circular and the notice of SGM Monday, 22 June

Latest time for lodging transfer of Shares in order to be
qualified for attendance and voting at the SGM 4:30 p.m. on
Friday, 10 July

Register of members of the Company closes
(both days inclusive) Monday, 13 July –
Thursday, 16 July

Latest time for lodging proxy forms for the SGM
(not less than 48 hours prior to the time of the SGM) 10:00 a.m. on
Tuesday, 14 July

Record date for determining attendance and voting
at SGM Thursday, 16 July

**Expected date and time of the SGM 10:00 a.m. on
Thursday, 16 July**

Announcement of results of the SGM Thursday, 16 July

Last day of dealings in the Shares on a cum-rights basis Friday, 17 July

First day of dealings in the Shares on an ex-rights basis Monday, 20 July

Latest time for lodging transfer of Shares in order to be
qualified for the Rights Issue 4:30 p.m. on
Tuesday, 21 July

Register of members of the Company closes (both days inclusive)	Wednesday, 22 July – Tuesday, 28 July
Record Date for the Rights Issue	Tuesday, 28 July
Despatch of the Prospectus Documents	Wednesday, 29 July
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Friday, 31 July
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Tuesday, 4 August
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Friday, 7 August
Latest time for holders of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Wednesday, 12 August
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 12 August
Latest time for termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Thursday, 13 August
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements and the NQS Unsold Rights Shares	Monday, 17 August
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent.	Monday, 17 August
Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent.	Wednesday, 19 August

Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Shares under the Compensatory Arrangements and the NQS Unsold Rights Shares) Thursday, 20 August

Refund cheques, if any, to be despatched (if the Rights Issue is terminated) on or beforeFriday, 21 August

Despatch of certificates for fully-paid Rights Shares, refund cheques (if any) and completion of Placing to take place on or beforeFriday, 21 August

Last day for trading of the Shares in board lots of 2,000 Shares each in original counterFriday, 21 August

Dealings in fully-paid Rights Shares commence 9:00 a.m. on Monday, 24 August

Effective date of change in board lot size from 2,000 Shares to 4,000 Shares 9:00 a.m. on Monday, 24 August

Designated broker starts to stand in the market to provide matching services for odd lots of Shares 9:00 a.m. on Monday, 24 August

Payment of Net Gain to relevant No Action Shareholders (if any) Wednesday, 2 September

Designated broker ceases to stand designated broker to provide matching services for odd lots of Shares 4:00 p.m. on Monday, 14 September

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purposes only, the shareholding structure of the Company as at the date of this announcement, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement are set out as follows:

Scenario 1: Assuming no Share Options being exercised and that there is no change in the number of issued Shares from the date of this announcement up to the Record Date

	As at the date of this announcement		Assuming (i) no Share Options being exercised and no other issue or buyback of Shares on or before the Record Date; and (ii) all the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Assuming (i) no Share Options being exercised and no other issue or buyback of Shares on or before the Record Date; (ii) no Qualifying Shareholders (except the Underwriter and its associate pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares, and 100% of the Unsubscribed Rights Shares, and the NQS Unsold Rights Shares are fully placed to the Placees under the Compensatory Arrangements		Assuming (i) no Share Options being exercised and no other issue or buyback of Shares on or before the Record Date; (ii) no Qualifying Shareholders (except the Underwriter and its associate pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares, and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Underwriter (Note 1)	397,006,464	22.01%	992,516,160	22.01%	992,516,160	22.01%	3,028,720,218	67.16%
Suncity (Note 1)	49,302,000	2.73%	123,255,000	2.73%	123,255,000	2.73%	123,255,000	2.73%
U Chio leong (Note 2)	40,906,000	2.27%	102,265,000	2.27%	40,906,000	0.91%	40,906,000	0.91%
Sub-total of the Underwriter and parties acting in concert with it	487,214,464	27.01%	1,218,036,160	27.01%	1,156,677,160	25.65%	3,192,881,218	70.80%
Li Chak Hung (Note 3)	400,000	0.02%	1,000,000	0.02%	400,000	0.01%	400,000	0.01%
Public Shareholders	1,316,163,372	72.97%	3,290,408,430	72.97%	3,352,367,430	74.34%	1,316,163,372	29.19%
Total	<u>1,803,777,836</u>	<u>100.00%</u>	<u>4,509,444,590</u>	<u>100.00%</u>	<u>4,509,444,590</u>	<u>100.00%</u>	<u>4,509,444,590</u>	<u>100.00%</u>

Scenario 2: Assuming new Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options other than Share Options which are under the Option Holders' Undertakings but otherwise no other Shares (other than the Rights Shares) have been allotted and issued on or before the Record Date

	As at the date of this announcement		Assuming (i) all Share Options other than Share Options which are under the Option Holders' Undertakings being exercised and no other issue or buyback of Shares on or before the Record Date; and (ii) all the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Assuming (i) all Share Options other than Share Options which are under the Option Holders' Undertakings being exercised and no other issue or buyback of Shares on or before the Record Date; (ii) no Qualifying Shareholders (except the Underwriter and its associate pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares, and 100% of the Unsubscribed Rights Shares, and the NQS Unsold Rights Shares are fully placed to the Placees under the Compensatory Arrangements		Assuming (i) all Share Options other than Share Options which are under the Option Holders' Undertakings being exercised and no other issue or buyback of Shares on or before the Record Date; (ii) no Qualifying Shareholders (except the Underwriter and its associate pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares, and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Underwriter (Note 1)	397,006,464	22.01%	992,516,160	21.76%	992,516,160	21.76%	3,059,491,218	67.08%
Suncity (Note 1)	49,302,000	2.73%	123,255,000	2.71%	123,255,000	2.71%	123,255,000	2.70%
U Chio Jeong (Note 2)	40,906,000	2.27%	102,265,000	2.24%	40,906,000	0.89%	40,906,000	0.90%
Sub-total of the Underwriter and parties acting in concert with it	487,214,464	27.01%	1,218,036,160	26.71%	1,156,677,160	25.36%	3,223,652,218	70.68%
Li Chak Hung (Note 3)	400,000	0.02%	1,000,000	0.02%	400,000	0.01%	400,000	0.01%
Public Shareholders	1,316,163,372	72.97%	3,341,693,430	73.27%	3,403,652,430	74.63%	1,336,677,372	29.31%
Total	<u>1,803,777,836</u>	<u>100.00%</u>	<u>4,560,729,590</u>	<u>100.00%</u>	<u>4,560,729,590</u>	<u>100.00%</u>	<u>4,560,729,590</u>	<u>100.00%</u>

Notes:

1. Suncity, a company listed on the Stock Exchange (stock code:1383), is the beneficial owner of 49,302,000 Shares and is also interested in 397,006,464 Shares through its wholly-owned subsidiary, namely, Victor Sky, being the Underwriter. As at the date of this announcement, Suncity is approximately 74.87% owned by Fame Select Limited, which is owned as to 50% by Mr. Chau, the Chairman and non-executive Director of the Company, and 50% by Mr. Cheng Ting Kong.
2. Dr. U Chio Jeong is a non-executive Director and is presumed to be acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until completion of the Rights Issue. This class (6) presumption will cease to apply after completion of the Rights Issue. After completion of the Rights Issue, Dr. U Chio Jeong will not be party acting in concert with the Underwriter under the definition of “acting in concert” under the Takeovers Code.
3. Mr. Li Chak Hung is an independent non-executive Director.

Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Company did not raise funds on any issue of equity securities raising activities during the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
25 July 2019	Placing of new Shares under general mandate	Approximately HK\$297 million	Develop the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation	Placed on short-term interest bearing deposits with licensed commercial banks

POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

INFORMATION ON THE PARTIES

The Group is principally engaged in the operation of the hotel and gaming business in the Integrated Entertainment Zone (“**IEZ**”) of the Primorye Region in the Russian Federation.

Information on the Underwriter

Victor Sky, the Underwriter, is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of Suncity. It is an investment holding company and directly holds 397,006,464 Shares, representing approximately 22.01% of the existing issued Shares of the Company as at the date of this announcement and is a substantial shareholder of the Company.

Suncity, the holding company of Victor Sky holding 100% interest in Victor Sky, is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1383). Suncity directly holds 49,302,000 Shares, representing approximately 2.73% of the existing issued Shares of the Company as at the date of this announcement.

As at the date of this announcement, Suncity is in turn owned as to approximately 74.87% by Fame Select Limited (a company incorporated in the British Virgin Islands with limited liability the principal business of which is investment holding), which is owned as to 50% by Mr. Chau, the Chairman and non-executive Director and is also an executive director of Suncity, and as to the remaining 50% by Mr. Cheng Ting Kong.

THE SUBSCRIPTION AGREEMENT

The date, parties and principal terms of the Subscription Agreement are as follows:

- Date : 1 June 2020 (after trading hours)
- Parties : (1) the Subscriber as subscriber of the Convertible Bonds; and
- (2) SunTrust as issuer of the Convertible Bonds.

As at the date of this announcement, SunTrust is a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN) and is owned as to (i) 51% by Fortune Noble Limited (a direct wholly-owned subsidiary of Suncity); (ii) 34% by Megaworld (a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: MEG)); and (iii) 15% by public shareholders. Suncity is a connected person of the Company for being a substantial shareholder of the Company which together with Victor Sky (its wholly owned subsidiary) is holding an aggregate of approximately 24.74% of the Company's issued share capital.

Subject matter of the Subscription Agreement

Pursuant to the Subscription Agreement, SunTrust has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds which may be converted into the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds.

Consideration

The consideration payable for the Subscription is PHP5.6 billion (equivalent to approximately HK\$847 million), being the aggregate principal amount of the Convertible Bonds. The consideration will be satisfied by part of the net proceeds from the proposed Rights Issue as mentioned in "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE SUBSCRIPTION" in this announcement.

Conditions precedent

Completion of the Subscription and the issue of the Convertible Bonds are conditional upon fulfilment (or waiver) of the following conditions no later than the Subscription Long Stop Date:

- (1) the obtaining by SunTrust of the necessary consent, approval and waiver from SEC and other relevant governmental authority in the Philippines to the signing of the Subscription Agreement, the issue of the Convertible Bonds and the other transactions contemplated under the Subscription Agreement, including the obtaining of the prior approval of the SEC confirming the issue of the Convertible Bonds is exempt under Rule 10.1 of the Securities Regulation Code of the Philippines;
- (2) compliance by SunTrust with the applicable requirements under the PSE Listing Rules in respect of the Subscription Agreement and the issue of the Convertible Bonds, including the disclosure by way of a Comprehensive Corporate Disclosure of the required information under the PSE Listing Rules through the Electronic Disclosure Generation Technology of the PSE;
- (3) due completion of the Rights Issue;
- (4) the approval by the independent shareholders of the Company of the Subscription Agreement, the Subscription on terms of the Subscription Agreement and the other transactions contemplated under the Subscription Agreement and compliance by the Company with the other applicable requirements under the Listing Rules in respect of the Subscription Agreement and the transactions contemplated thereunder;
- (5) (where required) the approval by the shareholders of SunTrust of the Subscription Agreement, the issue of the Convertible Bonds on terms of the Subscription Agreement and the other transactions contemplated under the Subscription Agreement and compliance by SunTrust with the other applicable requirements under the PSE Listing Rules in respect of the Subscription Agreement and the transactions contemplated thereunder;
- (6) (where required) the approval by the shareholders of Suncity of the Subscription Agreement, the issue of the Convertible Bonds on terms of the Subscription Agreement and the other transactions contemplated under the Subscription Agreement and compliance by Suncity with the other applicable requirements under the Listing Rules in respect of the Subscription Agreement and the transactions contemplated thereunder; and
- (7) as at the date of the Subscription Agreement and up to the date of completion of the Subscription Agreement, there shall have been no occurrence of any circumstances or events which individually or together, is or is likely to have a material adverse effect or a prolonged suspension or material limitation of trading in securities generally on PSE.

The Subscriber may, at its discretion and upon such terms as it thinks fit, waive compliance with the Subscription Condition Precedent set out in paragraph (7) above at or before 5:00 p.m. of the Subscription Long Stop Date. Save for the Subscription Conditions Precedent set out in paragraph (7) above, no other Subscription Conditions Precedent may be waived.

If any of the Subscription Conditions Precedent is not satisfied or (as the case may be) waived by the Subscriber on or before the Subscription Long Stop Date, the Subscription Agreement shall terminate and the Subscriber and SunTrust shall be released and discharged from their respective obligations under the Subscription Agreement with respect to the issue and subscription of the Convertible Bonds.

As at the date of this announcement, none of the Subscription Conditions Precedent have been satisfied or waived.

Completion

Completion shall take place on the fifth Business Day after the fulfillment (or waiver) of the conditions to the Subscription Agreement (or such other date as the Company and SunTrust may agree in writing).

Principal terms of the Convertible Bonds

Set out below are the proposed principal terms of the Convertible Bonds:

Issuer	:	SunTrust
Principal amount	:	PHP5.6 billion (equivalent to approximately HK\$847 million)
Form and denomination	:	The Convertible Bonds will be issued in registered form and in a minimum denomination of PHP50,000,000 each save where the outstanding amount of the Convertible Bond is less than PHP50,000,000 in which case the Convertible Bonds may be issued in such lesser amount
Issue price	:	100% of the aggregate principal amount of the Convertible Bonds, which is at the full face value of the Convertible Bonds

- Interest : 6.0% per annum on the aggregate principal amount of the Convertible Bonds from time to time outstanding, payable yearly in arrears accruing from the issue date of the Convertible Bonds on the basis of a 365-day year, with the last payment of interest to be made on the Maturity Date
- Default interest : 8.0% per annum on all amounts overdue from the due date for payment up to and including the date of full payment
- Maturity date : the date falling on the fifth (5th) anniversary of the issue date of the Convertible Bonds which may, subject to agreement by the holder of the Convertible Bonds upon request by SunTrust, be extended to the date falling on the tenth (10th) anniversary of the issue date of the Convertible Bonds or, if that is not a Business Day, the first Business Day thereafter (the “**Maturity Date**”)
- Conversion Price : The price at which Conversion Shares will be issued upon conversion will initially be PHP1.8 per Conversion Share, which is subject to adjustment provisions, brief particulars of which are set out in “Adjustment events” below.

The Conversion Price represents the following closing price of the SunTrust Shares as quoted on the PSE:

- (1) a premium of approximately 56.52% over the closing price of PHP1.15 per SunTrust Share on the date of prior to the date of the Subscription Agreement (“**last trading day**”);
- (2) a premium of approximately 57.89% over the average closing price of PHP1.14 per SunTrust Share for the last five trading days up to and including the last trading day;
- (3) a premium of approximately 53.85% over the average closing price of PHP1.17 per SunTrust Share for the last ten trading days up to and including the last trading day.

Adjustment events : Provided that in all instances, the Conversion Price shall not be less than the par value of the SunTrust's Shares, the Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon the occurrence of certain events, including but not limited to:

- (i) consolidation, subdivision or reclassification of SunTrust's Shares;
- (ii) capitalisation of profits or reserves (other than in lieu of a cash dividend);
- (iii) issue of SunTrust's Shares by way of a scrip dividend where the current market price exceeds the amount of the relevant cash dividend;
- (iv) capital distribution to the shareholders of SunTrust;
- (v) rights issues of SunTrust's Shares or options over SunTrust's Shares (at less than 80% of the current market price per SunTrust Share);
- (vi) rights issues of other securities by SunTrust;
- (vii) issue (other than as mentioned in (v) above), or issue or grant (otherwise as mentioned in paragraph (v) above) any options, warrants or other rights to subscribe for or purchase any SunTrust's Shares at a price per SunTrust Share which is less than 80% of the current market price per SunTrust Share;
- (viii) other issue by SunTrust or its subsidiaries (other than as mentioned in (v), (vi) or (vii) above) of any securities carrying the rights of conversion into, or exchange or subscription for SunTrust's Shares or securities which by their terms might be redesignated as SunTrust's Shares, and the consideration per SunTrust Share receivable by SunTrust in respect of such conversion, exchange, subscription or redesignation is less than 80% of the current market price per SunTrust Share;

- (ix) modification of the rights of conversion, exchange, subscription or redesignation attaching to any securities mentioned in (viii) above so that following such modification the consideration per SunTrust Share receivable by SunTrust in respect of such conversion, exchange, subscription or redesignation is less than 80% of the current market price per SunTrust Share; and
- (x) other offers of securities by SunTrust or its subsidiaries or any other persons in connection with which the shareholders of SunTrust are entitled to participate in arrangements whereby such securities may be acquired by them.

Conversion period : the period commencing from the day immediately following the issue date of the Convertible Bonds up to 4:00 p.m. on the Maturity Date (“**Conversion Period**”)

Conversion : Each holder of the Convertible Bonds has the right to convert all or any part of the Convertible Bonds held by it into SunTrust Shares credited as fully paid at any time during the Conversion Period.

Each conversion shall be in an amount not less than a whole multiple of PHP50,000,000 unless the remaining outstanding principal amount of the Convertible Bond is less than PHP50,000,000, in which case the whole of such balance (but not part of it) may be converted into SunTrust Shares credited as fully paid.

The number of SunTrust Shares to be issued on exercise of any Conversion Rights will be determined by dividing the PHP principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the relevant date of conversion. No fractions of a Conversion Share will be issued on exercise of the Conversion Rights and no cash payment or other adjustment will be made in respect thereof.

The Conversion Shares will in all respects rank pari passu with the SunTrust Shares then in issue, including any rights to distributions or other payments which may thereafter be declared, made or paid from time to time by SunTrust.

Redemption

: **No early redemption:**

The Convertible Bonds may not be redeemed by SunTrust at any time prior to the Maturity Date or if extended, prior to the Maturity Date as extended.

Request for early redemption by the holder of the Convertible Bonds:

The holder of the Convertible bonds may request for early redemption of the Convertible Bond at any time during the period commencing from the day immediately after the first anniversary of the issue date of the Convertible Bonds 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.

Redemption at maturity:

Unless previously redeemed, converted, purchased or cancelled, SunTrust shall redeem the Convertible Bonds on the Maturity Date or if extended, on the Maturity Date as extended, at:

- their outstanding principal amount together with outstanding interest thereon up to the Maturity Date or if extended, the Maturity Date as extended;
- any other outstanding amount due but unpaid under the Convertible Bonds; and
- an amount that would make up an aggregate internal rate of return (“**IRR**”) on the Convertible Bonds at 8.0% (having included the interest paid but excluding all default interest (whether accrued, paid or unpaid)) calculated from the issue date of the Convertible Bonds to and including the Maturity Date or if extended, the Maturity Date as extended.

Redemption upon event of default:

Upon the occurrence of an event of default (brief particular of which are mentioned in “**Event of default**” below), SunTrust shall redeem the Convertible Bonds at:

- their outstanding principal amount together with interest thereon up to the date of redemption;
- any other outstanding amount due but unpaid under the Convertible Bonds; and
- an amount that would make up an aggregate IRR on the Convertible Bonds at 10% (having included the interest paid, and default interest (whether accrued, paid or unpaid)) calculated from the issue date of the Convertible Bonds to and including the actual date of payment.

Events of default : Among other customary events of default, set out below are the principal events of default under the Convertible Bonds:

- (1) **Payment default:** a default is made in the payment of any sum due on the Convertible Bonds when due and such default shall not have been cured by payment by SunTrust within 15 days after the due date; or
- (2) **Breach of Subscription Agreement:** a material breach of any of the terms of the Subscription Agreement by SunTrust, including a breach of any warranty, covenants and/or undertakings therein; or

- (3) **Dissolution of SunTrust or a subsidiary of SunTrust and disposals:** a resolution is passed or an order of a court of competent jurisdiction is made that SunTrust or a subsidiary of SunTrust be wound up or dissolved or SunTrust or a subsidiary of SunTrust disposes of all or substantially all of its assets, otherwise, in any such case, than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by an extraordinary resolution of the holders of the Convertible Bonds; or
- (4) **Trading suspension and delisting:** if the SunTrust Shares are suspended by PSE for a period of 30 consecutive trading days or listing of the SunTrust Shares on PSE are being revoked or withdrawn; or
- (5) **Failure to obtain approval of shareholders:** failure to obtain the necessary approval of the majority of the minority shareholders of SunTrust required for the listing of the Conversion Shares on the PSE prior to the submission of the application for listing of the Conversion Shares on the PSE; or
- (6) **No listing approval:** failure to obtain approval of the PSE for the listing of the Conversion Shares on PSE within one (1) year from the filing of the relevant application for listing; or
- (7) **Cross default:** any other present or future indebtedness of SunTrust or any subsidiary of SunTrust for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of an event of default (however called).

Status of the Convertible Bonds : The Convertible Bonds shall constitute direct, unconditional, unsubordinated and unsecured obligations of SunTrust and shall at all times rank *pari passu* and without any preference or priority among themselves.

- Transferability of the Convertible Bonds : Subject to the terms and conditions of the Convertible Bonds, the Convertible Bonds may be transferred to any person in whole multiples of PHP50,000,000 (or such lesser amount as may represent the entire principal amount thereof).
- Any transfer of the Convertible Bonds to any related party of SunTrust (a shareholder, their immediate family, holding at least 10% or more of the equity of SunTrust, or any director, officer or employee of the corporation, its parent or affiliates), shall be (i) immediately reported and disclosed to PSE and (ii) to the SEC within three (3) calendar days from its execution provided there shall be no transfer or assignment of the Convertible Bonds if such transfer or assignment will result in the Convertible Bonds being held by more than nineteen (19) holders at any one time.
- Conversion restriction : Notwithstanding any other terms and conditions of the Convertible Bonds, the holder(s) of the Convertible Bonds shall exercise the Conversion Rights attaching to the Convertible Bonds only if it is confirmed by SunTrust in writing that the allotment and issue of the Conversion Shares to such holder(s) of the Convertible Bonds pursuant to an exercise of the Conversion Rights will not cause SunTrust to be in breach of the relevant minimum public float requirement under the relevant PSE rules or circular which is currently 10%.
- Voting : The Convertible Bonds do not confer any voting rights on its holder at any general meetings of SunTrust.
- No listing of the Convertible Bonds : No application has been or will be made for the listing of the Convertible Bonds on the PSE or any other stock exchange.

Basis of the Conversion Price

The Conversion Price was arrived at after arm's length negotiations between SunTrust and the Company with reference to the following factors:

- (i) The prevailing market price of the SunTrust Shares. SunTrust Shares had been trading at an average price of PHP1.14 per Share as quoted on the PSE for the last five consecutive trading days immediately before the date of the Subscription Agreement and the closing price of the SunTrust Shares on the date of the Subscription Agreement is PHP1.15. As for the Conversion Price of PHP1.8, it represents a premium of approximately 56.52% over the closing price of PHP1.15 per SunTrust Share as quoted on the PSE on the date of the Subscription Agreement, and (b) a premium of approximately 57.89% over the average closing price 1.14 per SunTrust Share as quoted on the PSE for the last five consecutive trading days immediately preceding the date of the Subscription Agreement. As for the closing price of the SunTrust Shares on the PSE for the 12 months period ended 1 June 2020 (the "**Review Period**"), the lowest closing price was PHP0.72 per SunTrust Share quoted on 10 June 2019 and 13 June 2019 and the highest closing price was PHP2.15 per SunTrust Share quoted on 23 January 2020. The Conversion Price represents a premium of 150% over the said lowest closing price per SunTrust Share, and a discount of approximately 16.28% to the said highest closing price per SunTrust Share during the Review Period. The Conversion Price is within the range of the closing market prices of the SunTrust Shares during the Review Period.
- (ii) Although the consolidated net asset value of SunTrust Group was only approximately PHP497.18 million as at 30 September 2019 based on the unaudited quarterly report of SunTrust for the nine months ended 30 September 2019, adjustment on the financial prospects and positions, including but not limited to, the net asset value of SunTrust Group would have to be made to reflect the latest consolidated net asset value position after completion of:
 - (a) SunTrust Shares Subscription

On 28 October 2019, SunTrust entered into the conditional subscription agreements (the "**SunTrust Shares Subscription**") with (i) Suncity; (ii) Megaworld Corporation, a company incorporated in the Philippines the shares of which are listed on the PSE; and (iii) Aurora Securities, Inc., a company incorporated in the Philippines, pursuant to which SunTrust has conditionally agreed to allot and issue a total of 5,000,000,000 SunTrust Shares (2,550,000,000 SunTrust Shares, 2,177,165,008 SunTrust Shares and 272,834,992 SunTrust Shares each, respectively) at the subscription price of PHP1.00 per SunTrust Share. The aggregate value of the SunTrust Shares Subscription is PHP5,000,000,000.

(b) The Project Site

On 28 October 2019, SunTrust and Westside entered in to the Co-Development Agreement, pursuant to which Travellers and Westside are to lease the Project Site to SunTrust for construction, development of the Main Hotel Casino and to appoint SunTrust as the sole and exclusive operator and manager of the Main Hotel Casino, and SunTrust is to effect payment of the Project Site Payment to Westside. The Project Site Payment shall be paid from the US\$300,000,000 as may be raised by SunTrust for financing the development and construction of the Main Hotel Casino. The Project Site Payment was determined by reference to (i) the valuation on the Project Site in the value of US\$340,000,000 as disclosed in the circular of Suncity dated 26 March 2020; and (ii) the costs incurred and construction work performed on the Project Site of approximately US\$21,159,000.

On 21 February 2020, SunTrust entered into a Lease Agreement with Westside and Travellers, pursuant to which Travellers and Westside, as lessor, agree to lease the Project Site to SunTrust, as lessee, for the Main Hotel Casino.

Pursuant to the operations and management agreement as contemplated under the Co-Development Agreement, SunTrust will be the sole and exclusive operator and manager of the Main Hotel Casino, which will be a 5-star hotel and casino complex at the Entertainment City, Manila, the Philippines expected to commence operation prior to 2023. Entertainment City is the casino hub in Manila. The investment in SunTrust marked the first step towards establishing the Group's footprint in the casino and entertainment market of the Philippines and allowing the Group to tap into this growing market as well as providing synergies to the overall tourism related business of the Group in the South East Asia region.

As detailed below in "INFORMATION ABOUT SUNTRUST GROUP", the Main Hotel Casino is an extensive project that will encompass a (i) 5-Star hotel with at least four hundred (400) rooms, the standard room size of which shall not be less than 34 sq.m.; (ii) casino establishment with approximately four hundred (400) gaming tables and one thousand two hundred (1,200) slot machines for both mass and VIP markets; and (iii) nine hundred sixty (960) car parking slots for the hotel and casino establishment to be erected at the Project Site and the gambling industry in the Philippines is displaying a rising trend recording double digit year on year growth since 2017 according to the financial disclosures of the Philippines Amusement and Gaming Corp ("PAGCOR"), a state-run gaming regulator and operator. Hence, the Directors consider that the current financial performances and position of SunTrust should not be the determining factor in the determination of the Subscription and the Conversion Price.

- (iii) Uncertainties may arise from the operation of the Authorised Gambling Activities in the Philippines that additional risks and uncertainties not presently known to the Directors, or not expressed or implied below, or that the Directors currently deem immaterial, may also adversely affect the operation of the Authorised Gambling Activities in a material aspect, the Board considers that investment by way of convertible bonds provides greater protection and flexibility to the Group at this juncture.

INFORMATION ABOUT SUNTRUST GROUP

SunTrust is principally engaged in investment holding and as the listing vehicle of the SunTrust Group on PSE. The principal business of the SunTrust Group is management of real estate properties and provision of transportation services in the Philippines.

As at the date of the announcement, SunTrust is an indirect 51% owned non-wholly owned subsidiary of Suncity.

As disclosed in the circular of Suncity dated 26 March 2020 (the “**Suncity Circular**”), SunTrust signed the Lease Agreement for the Project Site for the construction, development, operation and management of the Main Hotel Casino which is expected to commence operations before 2023. The Main Hotel Casino will encompass a (i) 5-Star hotel with at least four hundred (400) rooms, the standard room size of which shall not be less than 34 sq.m.; (ii) casino establishment with approximately four hundred (400) gaming tables and one thousand two hundred (1,200) slot machines for both mass and VIP markets; and (iii) nine hundred sixty (960) car parking slots for the hotel and casino establishment to be erected at the Project Site. Further details are set out in the Suncity Circular.

The gambling industry in the Philippines has seen double digit growth in recent years. According to PAGCOR’s annual reports for the years ended 31 December 2019, 2018 and 2017, the gaming industry in the Philippines generated PHP75.75 billion for the financial year ended 31 December 2019, an 11.7% increase from PHP67.85 billion for the financial year ended 31 December 2018 which was a 13.4% increase from PHP59.85 billion for the financial year ended 31 December 2017. As such the Directors see the Main Hotel Casino as a sound investment project.

Financial Information of SunTrust Group

The following is a summary of the audited consolidated financial information of SunTrust Group, prepared in accordance with the Philippine Financial Reporting Standards, for the two financial years ended 31 December 2018, which was extracted from the annual reports of SunTrust for the year ended 31 December 2018 through public domain:

	For the financial year ended	
	31 December 2018	31 December 2017
	(audited)	(audited)
	<i>(approximately)</i>	<i>(approximately)</i>
	<i>(PHP'000)</i>	<i>(PHP'000)</i>
Gross Revenue	576,359	527,246
Income/(Loss) Before Tax	153,334	92,895
Net Income/(Loss) After Tax	103,863	61,730

The following was the consolidated net asset value of the SunTrust Group as at the dates specified below, prepared in accordance with Philippine Financial Reporting Standards, which was extracted from the quarterly report of SunTrust for the nine months ended 30 September 2019 through public domain:

	As at	
	30 September 2019	31 December 2018
	(unaudited)	(audited)
	<i>(approximately)</i>	<i>(approximately)</i>
	<i>(PHP'000)</i>	<i>(PHP'000)</i>
Consolidated net asset value	497,176	465,419

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE SUBSCRIPTION

The principal activities of the Group are the operation of hotel and gaming business in the IEZ of the Primorye Region in the Russian Federation.

The Company has been exploring other business opportunities in order to diversify the existing business of the Group and to explore new markets with significant growth potential. The Group's first casino hotel in Vladivostok, the Russian Federation, Tigre de Cristal, which is the largest integrated resort ever built in the Russian Federation and is one of the largest foreign investment projects in the Primorsky Krai was launched since 2015. The gaming and hotel operations are conducted through Oriental Regent Limited ("**Oriental Regent**"), a non-wholly owned subsidiary of the Group whilst the Group also receives a management fee income calculated at 3% of the total gaming revenue, net of rebates generated by Oriental Regent. Due to the recent redesigns with the input of Suncity, the Group has been targeting an opening of the first stage of the Phase II development in 2022. The first stage of Phase II is expected to have more than double of the existing capacity in guest rooms and gaming facilities. As such the Group's income is predominately generated from its gaming and hotel operations in the Russian Federation with minimal external sources of income.

As disclosed in the annual reports of the Company for the years ended 31 December 2019, 2018 and 2017 respectively, the Group recorded revenue from gaming and hotel operations of approximately HK\$532.82 million, HK\$463.15 million and HK\$470.82 million respectively, of which the Group's income is predominately generated from its gaming and hotel operations in the IEZ. In view that the major income of the Group is derived from a single operating segment and concentrated within one area in one country, there is an immediate need for the Group to diversify its business in order to mitigate the concentration risk.

Having considered the future prospect of SunTrust as set out in "INFORMATION ABOUT SUNTRUST GROUP" in this announcement and that the convertible features of the Convertible Bonds provide more flexibility to the Group in realising the investment in SunTrust and maximising its return by exercising the Conversion Rights attaching to the Convertible Bonds when the market situation is favourable, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that fund raising through the Rights Issue and the Subscription are in the interests of the Company and the Shareholders as a whole. Currently, the Company has no intention to exercise the Conversion Rights attached to the Convertible Bonds.

USE OF PROCEEDS

The estimated net proceeds of the Rights Issue will be approximately HK\$1,618.42 million (assuming no new Shares will be issued and no Shares will be bought back on or after the date of this announcement and on or before the Record Date) or HK\$1,636.88 million (assuming no new Shares will be issued other than the exercise of all Share Options excluding Share Options which are under the Option Holders' Undertakings and no Shares will be bought back on or after the date of this announcement and on or before the Record Date), respectively.

The expenses in relation to the Rights Issue (including printing, registration, legal, accounting and documentation charges, etc.) are estimated to be approximately HK\$4.98 million, and will be borne by the Company. The net subscription price per Rights Share is expected to be approximately HK\$0.598.

The net proceeds from the Rights Issue will be used for the Subscription and the Phase II development of Tigre de Cristal. The Company intends to apply the net proceeds from the Rights Issue in the following manner (assuming no new Shares will be issued and no Shares will be bought back on or after the date of this announcement and on or before the Record Date) as to (i) approximately 52.3% or HK\$847 million to the Subscription; (ii) approximately 37.1% or HK\$601 million to the Phase II development of Tigre de Cristal; and (iii) approximately 10.6% or HK\$170 million for general working capital.

The Group holds a gaming license granted by the Russian government for an indefinite period and the development rights on two adjacent parcels of land, namely Lot 9 and Lot 10, in the Primorye IEZ of the Russian Far East. 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. The Company is currently refining the design and construction elements of the Phase II development on Lot 10 and is targeting an opening of the Phase II of Tigre de Cristal in 2022. This new integrated resort is expected to double the Group's VIP and mass gaming tables, slots, and has at least twice the lodging capacity of the existing property, and will include four restaurants and bars, additional retail offerings, and an indoor beach club and spa.

In the event that the Subscription does not proceed to completion, the net proceeds from the Rights Issues originally allocated for the Subscription are intended to be applied for the further development of Tigre de Cristal by expanding its scale (either in respect of Phase II of Tigre de Cristal or by including subsequent phases of development on Lot 10 of Primorye IEZ of the Russian Far East as Phase II of Tigre de Cristal will be occupying only part of Lot 10 and the remaining part of Lot 10 can further be developed) by, among others, increasing its hotel capacity, number of gaming tables and slots machines, and additional facilities. As at the date of this announcement, save for Phase II of Tigre de Cristal, neither are there any concrete plans nor binding agreements signed for expanding the scale of Tigre de Cristal.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes that, subject to the completion of the Rights Issue, the board lot size of the Shares for trading on the Stock Exchange be changed from 2,000 Shares to 4,000 Shares with effect from Monday, 24 August 2020. No new share certificate will be issued to Shareholders. All Share certificates will continue to be good evidence of legal title to such Shares and be valid for transfer, delivery and settlement purposes. Based on the closing price of the Shares on the Last Trading Day of HK\$0.6, the theoretical ex-rights price of each Share is HK\$0.6. On the basis of such theoretical ex-rights price and the new board lot size of 4,000 Shares, the new board lot value would be HK\$2,400.

The Change in Board Lot Size will not result in a change in the relative rights of the Shareholders.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to facilitate the Rights Issue, to accommodate the future expansion and growth of the Group and to provide the Company with greater flexibility for future expansion in the share capital of the Company, the Company proposes that the authorised share capital of the Company be increased to HK\$150 million divided into 6,000,000,000 Shares. The Board is of the view that the Increase in Authorised Share Capital will provide flexibility to the Company for future fundraising and expansion in the share capital of the Company, and is therefore in the interests of the Company and the Shareholders as a whole.

The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM. As none of the Shareholders or their associates would have any interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in respect of the resolution(s) relating to the Increase in Authorised Share Capital at the SGM.

LISTING RULES IMPLICATIONS

Rights Issue and the Underwriting Agreement

As the Rights Issue will increase the number of issued Shares by more than 50%, pursuant to Rule 7.19A(1) and 7.27A of the Listing Rules, among other things, the Rights Issue must be made conditional on approval by the Independent Shareholders at the SGM and as the Company has no controlling Shareholder, the Directors (other than the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

As at the date of this announcement, the Underwriter is a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As such, Victor Sky, Suncity and Dr. U Chio Jeong (a non-executive Director holding approximately 2.27% of the issued Shares) and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

The Subscription

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Subscription exceed 25% but are all less than 100%, the Subscription constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further, as at the date of this announcement, SunTrust is an indirect non-wholly owned subsidiary of Suncity, which in turn is a substantial shareholder of the Company directly and indirectly interested in an aggregate of approximately 24.74% of the Company's issued share capital. SunTrust is therefore a connected person of the Company. Accordingly, the Subscription also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Underwriter and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 487,214,464 Shares, representing approximately 27.01% of the issued share capital of the Company (24.74% if class (6) presumption under the definition of “acting in concert” under the Takeovers Code are excluded). Assuming no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of the Underwriter and Suncity pursuant to the Irrevocable Undertaking) and no placement will be made under the Compensatory Arrangements, the Underwriter will be required to take up a maximum amount of 2,066,975,058 Rights Shares (assuming new Shares are issued solely pursuant to full exercise of all Share Options other than Share Options which are under the Option Holders’ Undertakings on or before the Record Date). In such circumstance and upon completion of the Rights Issue, the Underwriter and parties acting in concert with it (excluding parties presumed to be acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code only (i.e. Dr. U Chio Jeong)) will, in aggregate, be interested in 3,182,746,218 Shares, representing approximately 69.78% of the issued share capital of the Company as enlarged by the Rights Shares. Accordingly, the Underwriter would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it if the Underwriter is required to underwrite such number of Rights Shares under the Rights Issue that would bring the aggregate interests of the Underwriter and parties acting in concert with it in the Company to or above 30%, unless the Whitewash Waiver is granted. Upon completion of the Rights Issue, Dr. U Chio Jeong will no longer be presumed as acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, the approval by at least 75% of the Independent Shareholders at the SGM by way of poll, and the Subscription, Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the SGM by way of poll. The Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; the Underwriter, its associates and parties acting in concert with the Underwriter; and any Shareholders who are involved in, or interested in, or have a material interest in the Subscription, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

As at the date of this announcement, the Company believes that the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular relating to, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue does not comply with other applicable rules and regulations.

DEALINGS OF THE SHARES BY THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT

As at the date of this announcement, neither the Underwriter nor any parties acting in concert with it:

- (a) save for the Shares as set out in “EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY” in this announcement, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received any irrevocable commitment to vote for or against the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for the Underwriting Agreement and Irrevocable Undertaking given by the Committed Shareholders as described under the sections titled “Irrevocable Undertaking” and “THE UNDERWRITING AGREEMENT”, has any other arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;
- (e) save for the Rights Issue and the Underwriting Agreement are conditional upon among other things, obtaining of the Whitewash Waiver by the Underwriter, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;

- (f) has dealt in any relevant securities of the Company in the 6-month period preceding the date of this announcement; and
- (g) has entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the date of this announcement:

- (a) apart from the Rights Shares to be subscribed and underwritten by the Underwriter, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Underwriter and parties acting in concert with it in connection with the Rights Issue and the Underwriting Agreement;
- (b) apart from the Underwriting Agreement and the Irrevocable Undertaking, there is no other understanding, arrangement or special deal between the Group on the one hand, and the Underwriter and parties acting in concert with it on the other hand; and
- (c) there is no understanding, arrangement or agreement or special deal between (i) any Shareholders; and (ii) the Underwriter and parties acting in concert with it; or the Company, its subsidiaries or associated companies.

SGM

The register of members of the Company will be closed from Monday, 13 July 2020 to Thursday, 16 July 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolution(s) to approve, among other things: (i) the Rights Issue; (ii) the Underwriting Agreement; (iii) the Whitewash Waiver; (iv) the Subscription; and (v) the Increase in Authorised Share Capital. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Subscription, Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

In accordance with the Listing Rules and the Takeovers Code, save for (i) the Underwriter and its associates; (ii) the Concert Group; (iii) the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates; and (iv) Shareholders who are involved in, or interested in the Subscription, the Rights Issue, the Underwriting Agreement or the Whitewash Waiver, including but not limited to the Underwriter and parties acting in concert with it, who will be required to abstain from voting on the resolution(s) to approve the Subscription, Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM, no other Shareholders are required to abstain from voting on the resolution(s) to approve the Subscription, the Rights Issue, the Underwriting Agreement and the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors (namely Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung), has been established to advise the Independent Shareholders in respect of the Subscription, the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the transactions contemplated thereunder respectively, and the Whitewash Waiver, and as to the voting action therefor. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in these regards. An announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

DESPATCH OF CIRCULAR

The Circular containing, among others, (i) further details of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription and the Increase in Authorised Share Capital; (ii) a letter of recommendations from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Subscription, the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the Whitewash Waiver; (iv) other information required under the Listing Rule and the Takeovers Code; and (v) a notice convening the SGM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve.

Subject to, among others, the Subscription, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Subscription Agreement being approved at the SGM and upon the Increase in Authorised Share capital becoming effective, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that (i) the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in “THE UNDERWRITING AGREEMENT – Termination of the Underwriting Agreement” in this announcement); and (ii) completion of the Subscription is subject to the fulfillment and/or waiver of certain conditions. Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 20 July 2020. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 31 July 2020 to Friday, 7 August 2020 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Anyone who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company. If in doubt, Shareholders and potential investors are recommended to consult their professional adviser(s).

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	chairman of the Board
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 4,000 Shares
“Circular”	the circular to be despatched to the Shareholders giving details of, among others, the Subscription, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Change in Board Lot Size and the Increase in Authorised Share Capital
“Co-Development Agreement”	the agreement dated 28 October 2019 (as supplemented by three supplemental agreements between the same parties on 25 November 2019, 20 January 2020 and on 28 March 2020) and entered into between Westside and SunTrust
“Committed Shareholders”	collectively, (a) Victor Sky; and (b) Suncity
“Committed Shares”	an aggregate of 669,462,696 Rights Shares to be offered to and subscribed by the Committed Shareholders under their respective entitlements as set out in the PAL pursuant to the Rights Issue and the Irrevocable Undertaking in respect of an aggregate of 446,308,464 Shares registered in their names as at the date of this announcement

“Company”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 102)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“Concert Group”	Victor Sky, Suncity and their ultimate beneficial owners and parties acting in concert (as defined in the Takeovers Code) with each of them including Dr. U Chio Jeong, a non-executive Director
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the price at which the Conversion Shares are to be issued upon exercise of the Conversion Rights, which is initially at PHP1.8 per Conversion Share, subject to adjustments in accordance with the conditions of the Convertible Bonds
“Conversion Rights”	the rights to convert the Convertible Bonds into Conversion Shares
“Conversion Shares”	the SunTrust Shares to be issued by SunTrust upon the holder(s) of the Convertible Bonds exercising its/their Conversion Rights attached to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds
“Convertible Bonds”	the 6.0% coupon rate convertible bonds in the aggregate principal amount of up to PHP5.6 billion (equivalent to approximately HK\$847 million) convertible into SunTrust Shares at an initial Conversion Price of PHP1.8 per Conversion Share for an initial term of 5 years from the date of their issue extendable for a further term of 5 years to be issued by SunTrust to the Company pursuant to the Subscription Agreement
“Director(s)”	director(s) of the Company

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$80 million divided into 3,200,000,000 Shares to HK\$150 million divided into 6,000,000,000 Shares
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung, established to advise the Independent Shareholders in respect of the Subscription, the Rights Issue, the Underwriting Agreement, the Subscription Agreement and the transactions contemplated thereunder respectively and the Whitewash Waiver, and as to the voting action therefor
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Subscription, the Rights Issue, the Underwriting Agreement (including the transactions contemplated under the Underwriting Agreement) and the Whitewash Waiver

“Independent Shareholders”	the Shareholders other than: (i) the Directors (excluding members of the Independent Board Committee), the chief executive of the Company and their respective associates; (ii) the Underwriter and parties acting in concert with it (including Dr. U Chio Jeong, a non-executive Director); and (iii) any Shareholders who are involved in, or interested in, or have a material interest in the Subscription Agreement, the Underwriting Agreement, the Rights Issue and/or the Whitewash Waiver, who are required under the Listing Rules and the Takeovers Code (as the case may be) to abstain from voting at the SGM
“Independent Third Party”	a third party independent of and not connected with the Company and any connected person of the Company and is itself not a connected person of the Company
“Irrevocable Undertaking”	the irrevocable undertaking dated 1 June 2020 executed by the Committed Shareholders in favour of the Company and the Underwriter, the details of which are set out in “PROPOSED RIGHTS ISSUE – Irrevocable Undertaking” in this announcement
“Last Trading Day”	1 June 2020, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Placing Date”	Wednesday, 19 August 2020 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares
“Latest Placing Time”	5:00 p.m. on the Latest Placing Date

“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 12 August 2020 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be extended to the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
“Latest Time for Termination”	4:00 p.m. on the first Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter
“Lease Agreement”	the lease agreement entered into between SunTrust and Westside and Travellers dated 21 February 2020 in relation to the Project Site
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Hotel Casino”	(a) the 5-Star hotel with at least four hundred (400) rooms, the standard room size of which shall not be less than 34 sq.m.; (b) casino establishment with approximately four hundred (400) gaming tables and one thousand two hundred (1,200) slot machines for both mass and VIP markets; and (c) nine hundred sixty (960) car parking slots for the 5-Star hotel and casino establishment erected or to be erected at the Project Site
“Megaworld”	Megaworld Corporation, a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: MEG)
“Mr. Chau”	Mr. Chau Cheok Wa, the Chairman and a non-executive Director of the Company

“Mr. Lo”	Mr. Lo Kai Bong, an executive Director and Deputy Chairman of the Company
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholders in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on advice provided by legal advisers in the almost justifications, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Option Holders’ Undertakings”	Mr. Lau Yau Cheung and Mr. Li Chak Hung, each an independent non-executive Director, whereby each of them irrevocably undertakes to the Company and the Underwriter not to exercise the Share Options held by each of them from the date of the undertaking to and up to the date of completion of the Rights Issue or, where applicable, date of lapse of the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is/are outside Hong Kong

“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PHP”	Philippine peso, the lawful currency for the time being of the Philippines
“Placees”	any individual, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) nor a party acting in concert with the Concert Group, and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	Merdeka Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 7.21(1)(b) of the Listing Rules
“Placing Agreement”	the placing agreement dated 1 June 2020 and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
“Placing Period”	the period commencing from the third Business Day after the Latest Time for Acceptance, which is expected to be Monday, 17 August 2020, and ending at the Latest Placing Time
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Project Site”	the three parcels of land located at Manila Bayshore Integrated City (Site A) in Paranaque City, the Philippines upon which the Main Hotel Casino is to be constructed and erected
“Project Site Payment”	the US\$200 million payment payable by SunTrust to Westside for the use of the Project Site and reimbursement of the costs incurred on the Project Site and construction works done on the Project Site under and pursuant to the Co-Development Agreement. A refundable deposit in the sum of US\$20 million was paid on 30 January 2020
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Prospectus Posting Date”	Wednesday, 29 July 2020 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“PSE”	The Philippines Stock Exchange Inc.
“PSE Listing Rules”	the PSE Consolidated Listing and Disclosure Rules
“Qualifying Shareholder(s)”	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Tuesday, 28 July 2020 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	the branch share registrar of the Company, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong

“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date at the Subscription Price payable in full on acceptance pursuant to the Prospectus Documents
“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of three (3) Rights Shares for every two (2) existing Shares in issue on the Record Date, being 2,705,666,754 Shares based on the Company’s issued share capital as at the date of the announcement, or assuming new Shares are issued solely pursuant to full exercise of all Share Options other than Share Options which are under the Option Holders’ Undertakings and no buyback of Shares from the date of this announcement up to and inclusive of the Record Date, an aggregate of 2,736,437,754 Shares
“SEC”	the Philippine Securities and Exchange Commission
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider, among others, the Subscription, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Increase in Authorised Share Capital
“Shareholder(s)”	the holder(s) of the issued Shares
“Shares”	ordinary shares of par value of HK\$0.025 each in the issued and unissued share capital of the Company
“Share Options”	share options granted by the Company to subscribe for Shares pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 7 July 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Summit Ascent Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Subscription”	the proposed subscription for the Convertible Bonds by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the agreement dated 1 June 2020 and entered into between SunTrust and the Subscriber in relation to the subscription and issue of the Convertible Bonds
“Subscription Conditions Precedent”	the conditions precedent to completion of the Subscription as more particularly mentioned in “THE SUBSCRIPTION AGREEMENT – Conditions Precedent” in this announcement
“Subscription Long Stop Date”	30 September 2020 (or such later date as the Subscriber and SunTrust may agree in writing), being the last day for fulfilment or waiver of the Subscription Conditions Precedent
“Subscription Price”	the subscription price of HK\$0.6 per Rights Share under the Rights Issue
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Suncity”	Suncity Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1383)
“SunTrust”	Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN) and is 51% owned by Suncity
“SunTrust Group”	SunTrust and its subsidiaries and associated companies from time to time
“SunTrust Shares”	common shares of par value of PHP1.0 each in the share capital of SunTrust
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Travellers”	Travellers International Hotel Group, Inc., a company incorporated in the Philippines
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 1 June 2020 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	the Rights Shares (other than the Committed Shares) being not less than 2,036,204,058 Rights Shares and not more than 2,066,975,058 Rights Shares to be underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders which do not include the Committed Shares
“Victor Sky” or “Underwriter”	Victor Sky Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company and the Underwriter, which in turn is a wholly-owned subsidiary of Suncity
“Westside”	Westside City Resorts World Inc., a company incorporated in the Philippines
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it as a result of the taking up of the Unsubscribed Rights Shares, the NQS Unsold Rights Shares and the unsold fraction of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement
“%”	per cent

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

Hong Kong, 1 June 2020

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.