
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 102)

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO LOAN
VARIATION INVOLVING SUBSCRIPTION OF CONVERTIBLE BONDS;
(2) EXTENSION OF LOAN; AND
(3) FURTHER CHANGE IN USE OF PROCEEDS**

Financial Adviser to Summit Ascent



**Independent Financial Adviser to the Independent SA Board Committee
and the Independent SA Shareholders**



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

A letter of advice from the Independent Financial Adviser to the Independent SA Board Committee and the Independent SA Shareholders is set out on pages 35 to 65 of this circular. The letter from the Independent SA Board Committee containing its recommendation to the Independent SA Shareholders is set out on page 34 of this circular.

A notice convening the SGM to be held at Jade Rooms V-VII, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 3:00p.m. on Tuesday, 16 November 2021 is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of Summit Ascent, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours (exclusive of any part of the day that is a public holiday) before the time appointed for the holding of the SGM (i.e. 3:00p.m. on Sunday, 14 November 2021) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoke.

26 October 2021

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DEFINITIONS

In this circular, unless otherwise stated:

- (a) all references to times and dates are references to Hong Kong time;*
- (b) all references to Rules and Chapters are references to Rules and Chapters of the Listing Rules; and*
- (c) for illustrative purposes only, when translated, (a) HK\$ was translated to PHP at the exchange rate of HK\$1 to PHP6.2537; (b) US\$ was translated to HK\$ at the exchange rate of US\$1 to HK\$7.75; and (c) US\$ was translated to PHP at the exchange rate of US\$1 to PHP49.8442.*

“Announcement”	the announcement of Summit Ascent dated 20 September 2021 in relation to, among other things, the Subscription
“Applicable Law”	with respect to any party to the Subscription Agreement, any laws, regulations, rules, notices, guidelines, treaties, orders, and other legislative, executive decisions, judicial decisions or pronouncements of any Governmental Authority or the stock exchange that is applicable to such party to the Subscription Agreement that have the effect of law in the Philippines or other political subdivision of any Governmental Authority, as applicable to the parties to the Subscription Agreement or the subject matter of the Subscription Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Astrum” or “Independent Financial Adviser”	Astrum Capital Management Limited, a corporation licensed by the Securities and Futures Commission to carry Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO, being the independent financial adviser appointed by Summit Ascent with the approval of the Independent SA Board Committee for the purpose of advising the Independent SA Board Committee and the Independent SA Shareholders in respect of the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder
“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 12:00 noon 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

DEFINITIONS

“Completion”	completion of the Subscription
“Completion Date”	the second Business Day (or such other date as SA Investments and SunTrust may agree in writing) after the fulfillment of the Conditions Precedent or waiver thereof (as the case may be) in accordance with the Subscription Agreement
“Conditions Precedent”	the conditions precedent to the Subscription Agreement as set out in “THE SUBSCRIPTION AGREEMENT – Conditions Precedent” in this circular
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the conversion price as set out in “Principal terms of the Convertible Bonds” under “THE SUBSCRIPTION AGREEMENT”
“Conversion Rights”	the rights to convert the Convertible Bonds into Conversion SunTrust Shares
“Conversion SunTrust 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 conditions of the Convertible Bonds
“Convertible Bonds”	the 6% coupon rate convertible bonds in the aggregate principal amount of up to PHP6.4 billion (equivalent to approximately HK\$1.0 billion) convertible into SunTrust Shares at an initial conversion price of PHP1.65 per Conversion SunTrust Share for an initial term of 3 years from the date of their issue extendable for a further term of 3 years to be issued by SunTrust to SA Investments pursuant to the Subscription Agreement
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness

DEFINITIONS

“Existing CB”	the 6.0% coupon rate convertible bonds in the principal amount of PHP5.6 billion (equivalent to approximately HK\$895.5 million) issued by SunTrust to SA Investments on 30 December 2020 pursuant to the subscription agreement dated 1 June 2020 (as supplemented by an extension letter dated 11 September 2020) entered into between SunTrust as issuer and SA Investments as subscriber as disclosed in the Prospectus which was approved by the independent SA Shareholders of Summit Ascent at the special general meeting of Summit Ascent held on 7 September 2020
“Existing CB Subscription”	the subscription of the Existing CB by SA Investments
“Expected Completion Date”	18 July 2022, the expected Completion Date for determining the Maximum Set-Off Amount under the Subscription Agreement
“Fortune Noble CB”	the zero coupon rate convertible bonds in the principal amount of PHP7.3 billion (equivalent to approximately HK\$1.2 billion) issued by SunTrust to Fortune Noble Limited, a wholly-owned subsidiary of Suncity, pursuant to a subscription agreement dated 29 May 2020 entered into between SunTrust as issuer and Fortune Noble Limited as subscriber as disclosed in an announcement of Suncity dated 29 May 2020
“Governmental Authority”	any government, quasi-government, governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in the Philippines (including PSE and SEC), and any person authorised by Applicable Law of the Philippines to give consent, approval, permission, licence, certification, waiver or impose conditions and/or requirements
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indebted Amount”	the outstanding amount owing by SunTrust to SA Investments under the Loan Agreement (as amended and supplemented under the Loan Variation) comprising the principal amount of the Loan together with interest accrued up to and including the Completion Date

DEFINITIONS

“Independent SA Board Committee”	the Independent SA Board Committee of the SA Board comprising all the independent non-executive SA Directors established to advise the Independent SA Shareholders on, among other matters, the fairness and reasonableness of the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder
“Independent SA Shareholders”	SA Shareholders, other than Suncity and its associates and Mr. Lo Kai Bong’s associates, who have no material interest in the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder
“Last Trading Day”	17 September 2021, being the last trading day of the SunTrust Shares on the PSE before the date of the Subscription Agreement
“Latest Practicable Date”	22 October 2021, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Lease Agreement”	the conditional lease agreement dated 21 February 2020 and entered into between Westside City Resorts World Inc. and Travellers International Hotel Group, Inc. as the lessor and SunTrust as the lessee for the leasing of the Project Site
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the principal amount of US\$120,000,000 (equivalent to HK\$930,000,000) advanced by SA Investments to SunTrust under and pursuant to the Loan Agreement
“Loan Agreement”	the conditional loan agreement dated 23 February 2021 in relation to the Loan entered into between SA Investments as lender and SunTrust as borrower
“Loan Announcement”	the announcement of Summit Ascent dated 23 February 2021 in relation to, among other things, the Loan
“Loan Circular”	the circular of Summit Ascent dated 26 March 2021 in relation to, among other things, the Loan
“Loan Extension”	the extension of the maturity date of the Loan, pursuant to the Subscription Agreement, from 18 November 2021 to 18 July 2022

DEFINITIONS

“Loan Set-Off”	the set-off of the Indebted Amount as at Completion, up to the Maximum Set-Off Amount, against the aggregate subscription amount of the Convertible Bonds pursuant to the Set-Off Deed under the terms and conditions of the Subscription Agreement
“Loan Variation”	the Loan Extension and the Loan Set-Off under the terms and conditions of the Subscription Agreement and the Set-Off Deed
“Long Stop Date”	the last time for fulfillment or, as the case may be, waiver of the Conditions Precedent, being 5:00 p.m. on 31 July 2022 (or such later time and date as SA Investments and SunTrust may agree in writing)
“Main Hotel Casino”	the 5-Star hotel and casino complex erected or to be erected at the Project Site
“Maximum Set-Off Amount”	has the meaning as defined in “THE LOAN VARIATION – The Loan Set-Off” in this circular
“percentage ratios”	has the meaning as defined in Rule 14.07
“PHP”	Philippine peso, the lawful currency of the Philippines
“PRC”	the People’s Republic of China, which for the purpose of this circular 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
“Prospectus”	the prospectus of Summit Ascent dated 18 September 2020 in relation to, among other things, the Rights Issue and the Existing CB Subscription
“PSE”	The Philippine Stock Exchange, Inc.
“PSE Listing Rules”	PSE Consolidated Listing and Disclosure Rules
“Rights Issue”	the rights issue of Summit Ascent on the basis of three (3) rights shares for every two (2) SA Shares completed on 15 October 2020 at the subscription price of HK\$0.6 per rights share as disclosed in the circular of Summit Ascent dated 14 August 2020 and the Prospectus

DEFINITIONS

“Rights Issue Results Announcement”	the announcement of Summit Ascent dated 14 October 2020 in relation to, among other things, the results of the Rights Issue
“SA Board”	the board of SA Directors
“SA Directors”	director(s) of Summit Ascent
“SA Group”	Summit Ascent and its subsidiaries
“SA Investments”	Summit Ascent Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Summit Ascent
“SA Share(s)”	ordinary shares of par value of HK\$0.025 each in the issued and unissued share capital of Summit Ascent
“SA Shareholder(s)”	the holder(s) of the issued SA Shares
“SEC”	the Philippine Securities and Exchange Commission
“Set-Off Deed”	a set-off deed under the Subscription Agreement in relation to the Loan Set-Off to be entered into between SA Investments and SunTrust upon Completion
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of Summit Ascent to be convened and held to consider, among others, the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription for the Convertible Bonds by SA Investments pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 20 September 2021 in relation to the Subscription and the Loan Variation entered into by SunTrust as issuer and SA Investments as subscriber of the Convertible Bonds
“Summit Ascent”	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) and a 69.66% owned subsidiary of Suncity

DEFINITIONS

“Suncity”	Suncity Group Holdings Limited, a 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) and a controlling shareholder of Summit Ascent
“Suncity Circular”	the circular of Suncity dated 26 March 2020 in relation to SunTrust entering into the Lease Agreement for the Project Site for the construction, development, operation and management of the Main Hotel Casino
“SunTrust”	Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on the PSE (Stock Code: SUN) and an indirect 51% owned subsidiary of Suncity
“SunTrust Group”	SunTrust and its subsidiaries from time to time
“SunTrust Shares”	ordinary shares of par value of PHP1.0 each in the share capital of SunTrust
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

In case of inconsistency, the English text of this circular shall prevail over its Chinese text.

LETTER FROM THE SA BOARD



SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 102)

Executive SA Directors:

Mr. Lo Kai Bong (*Deputy Chairman*)
Mr. Chua Ming Huat David (*Chief Executive Officer*)
Mr. Chiu King Yan

Registered Office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Non-executive SA Directors

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

Principal place of business in Hong Kong:

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

Independent non-executive SA Directors

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

26 October 2021

To the SA Shareholders

Dear Sir/Madam,

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO LOAN VARIATION INVOLVING SUBSCRIPTION OF CONVERTIBLE BONDS;
(2) EXTENSION OF LOAN; AND
(3) FURTHER CHANGE IN USE OF PROCEEDS**

INTRODUCTION

Reference is made to the Announcement dated 20 September 2021 in relation to, among other things, the Subscription and the Loan Variation.

On 20 September 2021 (after trading hours of the Stock Exchange), SA Investments, a wholly-owned subsidiary of Summit Ascent, entered into the Subscription Agreement with SunTrust, an indirect 51% owned subsidiary of Suncity, pursuant to which SunTrust has conditionally agreed to issue and SA Investments has conditionally agreed to subscribe for the Convertible Bonds in the maximum aggregate principal amount of PHP6.4 billion (equivalent to approximately HK\$1.0 billion).

LETTER FROM THE SA BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent SA Board Committee to the Independent SA Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent SA Board Committee and the Independent SA Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice convening the SGM.

THE LOAN VARIATION

The Loan

On 23 February 2021, SunTrust as borrower entered into the Loan Agreement with SA Investments as lender, pursuant to which SA Investments shall conditionally provide the Loan (i.e. in the principal amount of US\$120,000,000 (equivalent to HK\$930,000,000)) to SunTrust, further details of which are set out in the Loan Announcement and the Loan Circular.

As disclosed in the poll results announcement of Summit Ascent, dated 20 April 2021, the Loan Agreement was approved by the independent SA Shareholders and as disclosed in Summit Ascent's 2021 interim report, published on 15 September 2021, for the six-month period ended 30 June 2021, the Loan was advanced to SunTrust on 18 May 2021.

As at the Latest Practicable Date, SunTrust is indebted to SA Investments approximately US\$123.1 million (equivalent to approximately HK\$954.0 million) comprising outstanding principal amount of the Loan of US\$120.0 million (equivalent to approximately HK\$930.0 million) and interest accrued up to the Latest Practicable Date of approximately US\$3.1 million (equivalent to approximately HK\$24.0 million).

The Loan Extension

Under the Loan Agreement, the maturity date of the Loan is three (3) months from the date of the disbursement of the Loan to SunTrust (i.e. 18 August 2021). The maturity date may upon application by SunTrust in writing to SA Investments be extended for successive terms of one (1) month each subject to the aggregated term as may be extended shall not be more than three (3) months (i.e. 18 November 2021) (unless SA Investments otherwise agrees to a longer period in its sole and absolute discretion), and in respect of each extension upon and subject to such terms and conditions as SA Investments may in its sole and absolute discretion impose. On 17 August 2021, 17 September 2021 and 17 October 2021, the maturity date of the Loan was extended from 18 August 2021 to 18 September 2021, from 18 September 2021 to 18 October 2021 and from 18 October 2021 to 18 November 2021, respectively.

The Loan Extension is determined with reference to the expected timeline for fulfilling the Conditions Precedent of approximately ten (10) months from the date of the Subscription Agreement, taking into consideration the expected timeline of (i) the publication of this circular by the end of October 2021; (ii) the holding of the SGM in mid-November 2021; (iii) obtaining the approval from the SEC in May 2022; and (iv) a two-month period for any unexpected circumstances. Taking into account the aforementioned timeline, SA Investments has agreed to extend the maturity date of the Loan to 18 July 2022 or such other date as SA Investments otherwise agrees to in its sole and absolute discretion. The Loan Extension is subject to the approval of the Independent SA Shareholders at the SGM and is not conditional upon the Conditions Precedent under the Subscription Agreement.

LETTER FROM THE SA BOARD

As at the Latest Practicable Date, SA Investments does not have any intention to further extend the Loan past 18 July 2022. In the event that SA Investments agrees at its sole and absolute discretion to further extend the Loan after the Loan Extension, Summit Ascent will comply with the reporting, announcement and SA Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Loan Set-Off

Under the Subscription Agreement, SA Investments and SunTrust will enter into the Set-Off Deed upon Completion under which SA Investments, as lender under the Loan Agreement, and SunTrust, as borrower under the Loan Agreement, to set-off the Indebted Amount up to the Maximum Set-Off Amount.

The SA Board has consulted with the SA Group's legal advisers and based on their opinion, the application to SEC for the approval of the issue of Convertible Bonds takes approximately five (5) months from the date of application. As the principal amount of the Convertible Bonds must be confirmed upon SunTrust requesting the necessary consent, approval and waiver from the SEC and other relevant governmental authorities in the Philippines in relation to the issue of the Convertible Bonds, SA Investments and SunTrust have mutually agreed to set a maximum cap on the Indebted Amount to be set-off under the Subscription Agreement (the "**Maximum Set-Off Amount**") that will take into account the expected timeline of fulfilling all the Conditions Precedent. In view of the Expected Completion Date of 18 July 2022, the Maximum Set-Off Amount under the Subscription Agreement is US\$128.4 million (equivalent to approximately PHP6.4 billion and HK\$995.1 million) comprising the principal amount of the Loan of US\$120.0 million (equivalent to approximately PHP6.0 billion and HK\$930.0 million) and the interest accrued up to the Expected Completion Date of approximately US\$8.4 million (equivalent to approximately PHP0.4 billion and HK\$65.1 million).

Under the Set-Off Deed, SunTrust undertakes, in the event that the actual Completion Date is later than the Expected Completion Date, to compensate any excess of the Indebted Amount over the Maximum Set-Off Amount in cash upon Completion. The Loan Set-Off is subject to (i) the approval by the Independent SA Shareholders at the SGM; and (ii) satisfaction of (or waiver of) the Conditions Precedent under the Subscription Agreement.

THE SUBSCRIPTION

On 20 September 2021 (after trading hours of the Stock Exchange), SA Investments, a wholly-owned subsidiary of Summit Ascent, entered into the Subscription Agreement with SunTrust, an indirect 51% owned subsidiary of Suncity, pursuant to which SunTrust has conditionally agreed to issue and SA Investments has conditionally agreed to subscribe for the Convertible Bonds in the maximum aggregate principal amount of PHP6.4 billion (equivalent to approximately HK\$1.0 billion). The aggregate subscription amount payable by SA Investments under the Subscription Agreement shall be satisfied by setting off the Indebted Amount with an equal amount of the aggregate subscription amount payable by SA Investments as at Completion. The Subscription is conditional upon the approval of the Loan Extension and the Loan Set-Off by the Independent SA Shareholders at the SGM.

LETTER FROM THE SA BOARD

Summit Ascent has no intention to exercise the Conversion Rights attached to the Convertible Bonds as at the Latest Practicable Date. The relevant resolutions to approve the Subscription to be voted on by the Independent SA Shareholders at the SGM are for the approval of the Subscription of the Convertible Bonds only.

In such case that Summit Ascent wishes to extend the Maturity Date (as defined below under the sub-paragraph headed “Principal terms of the Convertible Bonds”) of the Convertible Bonds or exercise the Conversion Rights attached to the Convertible Bonds, either action will be subject to the relevant reporting, announcement and independent SA Shareholders’ approval requirements under Chapter 14 and Chapter 14A.

THE SUBSCRIPTION AGREEMENT

Principal terms and conditions of the Subscription Agreement are set out below:

- Date : 20 September 2021
- Parties : (i) SunTrust (as issuer); and
(ii) SA Investments (as subscriber)

SunTrust is a connected person of Summit Ascent for being an indirect 51% owned subsidiary of Suncity, which in turn is the controlling shareholder of Summit Ascent interested in, directly and indirectly, an aggregate of 69.66% of the SA Shares in issue as at the Latest Practicable Date.

Conditions Precedent

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

- (a) the obtaining by SunTrust of the necessary consent, approval and waiver from SEC and other relevant Governmental Authority to the Subscription Agreement insofar as relating to the issue of the Convertible Bonds and the other related transactions contemplated under the Subscription Agreement in accordance with the Applicable Law, including (if necessary) 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;
- (b) compliance by SunTrust with the applicable requirements, if any, under the PSE Listing Rules in respect of the Subscription Agreement insofar as relating to the issue of the Convertible Bonds, including (if necessary) 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;
- (c) the approval by the Independent SA Shareholders of the Subscription Agreement insofar as relating to Subscription and the other related transactions contemplated under the Subscription Agreement and compliance by Summit Ascent with the other applicable requirements under the Listing Rules in respect of the same;

LETTER FROM THE SA BOARD

- (d) the approval by the shareholders of SunTrust of the Subscription Agreement insofar as relating to the issuance of the Convertible Bonds 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 same;
- (e) (where required) the approval by the shareholders of Suncity of the Subscription Agreement insofar as relating to the issue of the Convertible Bonds by SunTrust 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 same;
- (f) the approval by the Independent SA Shareholders of the Subscription Agreement insofar as relating to the Loan Extension and the Loan Set-Off and compliance by Summit Ascent with the other applicable requirements under the Listing Rules in respect of the same; and
- (g) as at the date of the Subscription Agreement and up to the Completion Date, 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 of SunTrust generally on PSE.

SA Investments may, at its discretion and upon such terms as it thinks fit, waive the Conditions Precedent (g) set out above at or before 5:00 p.m. of the Long Stop Date. The other Conditions Precedent may not be waived by the parties to the Subscription Agreement.

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

The shareholders' approval referred to in the above Conditions Precedent (d) and (e) are not required. As at the Latest Practicable Date, other than (b) above, none of the other Conditions Precedent have been satisfied or waived.

Completion

Completion shall take place on the second Business Day after the fulfillment (or waiver) of the conditions to the Subscription Agreement (or such other date as SA Investments 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	:	a maximum of PHP6.4 billion (equivalent to approximately HK\$1.0 billion)

LETTER FROM THE SA BOARD

Form and denomination : The Convertible Bonds will be issued in registered form and in a minimum denomination of PHP10,000,000 each save where the outstanding amount of the Convertible Bond is less than PHP10,000,000 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 (as defined below)

The interest rate of the Convertible Bonds was determined with reference to the interest rate of the Existing CB and the Loan.

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

The default interest rate of the Convertible Bonds was determined with reference to the default interest rate of the Existing CB and the Loan.

Maturity date : the date falling on the third (3rd) 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 sixth (6th) 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**”)

The Maturity Date was determined by taking into account (i) the expected opening date of the Main Hotel Casino; (ii) the expected operating cash flows of the Main Hotel Casino; (iii) the repayment on the potential bank financing to be obtained by SunTrust; and (iv) the maturity dates of the Existing CB and the Fortune Noble CB.

LETTER FROM THE SA BOARD

Conversion Price : The price at which Conversion SunTrust Shares will be issued upon conversion will initially be PHP1.65 per Conversion SunTrust Share (“**Conversion Price**”), 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 10.74% over the closing price of PHP1.49 per SunTrust Share as at the Latest Practicable Date;
- (2) a premium of approximately 6.45% over the closing price of PHP1.55 per SunTrust Share as at the Last Trading Day;
- (3) a premium of approximately 3.13% over the average closing price of PHP1.60 per SunTrust Share for the last five trading days up to and including the Last Trading Day; and
- (4) equivalent to the average closing price of PHP1.65 per SunTrust Share for the last ten trading days up to and including the Last Trading Day.

The Conversion Price was arrived at after arm’s length negotiations between SunTrust and Summit Ascent with reference to (i) the prevailing market price of the SunTrust Shares; (ii) the interest rate of the Convertible Bonds of 6.0% per annum; and (iii) the Indebted Amount.

Adjustment events : Provided that in all instances, the Conversion Price shall not be less than the par value of the SunTrust 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 as set out below:

- (i) consolidation, subdivision or reclassification of SunTrust Shares;
- (ii) capitalisation of profits or reserves (other than in lieu of a cash dividend);

LETTER FROM THE SA BOARD

- (iii) issue of SunTrust 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 Shares or options over SunTrust 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 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 Shares or securities which by their terms might be redesignated as SunTrust 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;
- (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; and

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(xi) determination by SunTrust or holder(s) of the Convertible Bonds by resolution passed by holder(s) of the Convertible Bonds holding not less than 75% of the aggregate principal amount of the Convertible Bonds outstanding, that an adjustment should or should not be made, whether or not as a result of any of the events referred to in (i) to (x) above.

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 PHP10,000,000 unless the remaining outstanding principal amount of the Convertible Bond is less than PHP10,000,000, 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 SunTrust 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.

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Redemption

: Early redemption by SunTrust:

SunTrust is entitled to cancel and to redeem all the Convertible Bonds in whole at any time after the first anniversary of the issue date of the Convertible Bonds and expiring on the Maturity Date at 100% of their outstanding principal amount together with accrued interest (including default interest) (if any) up to the date of redemption. The decision of SunTrust to cancel and to redeem the Convertible Bonds is made by written notice to the holders of the Convertible Bonds by giving them seven Business Days' prior notice specifying the proposed date of redemption.

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

The holder of the Convertible Bonds may request SunTrust for early redemption of the Convertible Bonds 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 100% of their outstanding principal amount together with accrued interest thereon (including default interest) (if any) up to the date of redemption. The decision of holder of the Convertible Bonds to redeem the Convertible Bonds is made by written notice to SunTrust by giving SunTrust seven Business Days' prior notice.

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; and
- any other outstanding amount due but unpaid under the Convertible Bonds.

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Redemption upon event of default:

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

- 100% of 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 internal rate of return on the Convertible Bonds to be redeemed at 10% (having included the interest 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

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- (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 SunTrust Shares on the PSE prior to the submission of the application for listing of the Conversion SunTrust Shares on the PSE; or
- (6) **No listing approval:** failure to obtain approval of the PSE for the listing of the Conversion SunTrust Shares on PSE within such period of time from the filing of the relevant application for listing as the holder of the Convertible Bonds may specify; 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).

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- 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 PHP10,000,000 (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 SunTrust 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.

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The terms of the Convertible Bonds are on substantially the same terms as the Existing CB, in particular the interest and default interest rates which are also the same as the Loan. As at the Latest Practicable Date, the SA Group has no interest-bearing borrowings and taken into account with the SA Group's strong balance sheet, the SA Board is confident that in the event that the SA Group is in need of any funding requirements in the future, the SA Group would be able to potentially secure more favourable terms compared to that of the Convertible Bonds. Taking into account the abovementioned factors, the SA Board considers that the terms of the Convertible Bonds are on normal commercial terms and fair and reasonable.

According to the terms of the Convertible Bonds, the interest payable on the outstanding principal amount of the Convertible Bonds is payable yearly in arrears accruing from the issue date of the Convertible Bonds. Accordingly, the first interest payment under the Convertible Bonds (the "**First CB Interest**") is due in July 2023 (i.e. the first anniversary of the Expected Completion Date). As at the Latest Practicable Date, the payment of First CB Interest is expected to be funded by equity financing and/or debt financing. Despite the unpredictable spectrum of COVID-19 in the Philippines, the SA Group is optimistic about the timely opening of the Main Hotel Casino and discussion of financing between SunTrust and certain banks and financial institutions.

Despite the fact that the First CB Interest is expected to be received in July 2023, which is approximately 26 months from the grant of the Loan in May 2021, having considered (i) the accrued interest under the Loan will be included, up to the Maximum Set-Off Amount, in the principal amount of the Convertible Bonds; and (ii) the reasons as set out in the section headed "REASONS FOR AND BENEFITS OF THE LOAN VARIATION AND SUBSCRIPTION" in this circular, the SA Board considers that the deferred payment of the Loan via the Subscription is fair and reasonable and in the interests of Summit Ascent and the SA Shareholders as a whole.

Under the terms of the Existing CB, an adjustment event may be triggered by an issuance of any options, warrants or other rights to subscribe for or purchase any SunTrust Shares at a price per SunTrust Share which is less than 80% of the then current market price. As disclosed above, the Conversion Price currently represents (i) a premium of approximately 6.45% over the closing price of PHP1.55 per SunTrust Share as at the Last Trading Day; and (ii) a premium of approximately 10.74% over the closing price of PHP1.49 per SunTrust Share as at the Latest Practicable Date. For the Conversion Price to represent less than 80% of the market price of the SunTrust Shares, the SunTrust Shares would have to be trading over approximately PHP2.06 per SunTrust Share which represents a premium of approximately 38.26% over the closing price of PHP1.49 per SunTrust Share as at the Latest Practicable Date. Accordingly, as at the Latest Practicable Date, the SA Board does not consider that the issue of the Convertible Bonds poses a substantial risk of triggering the aforementioned adjustment event of the Existing CB.

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EFFECT ON THE SHAREHOLDING STRUCTURE OF SUNTRUST

For illustration purposes only, set out below is the shareholding structure of SunTrust (i) as at the Latest Practicable Date; (ii) assuming full conversion of the Convertible Bonds; (iii) assuming full conversion of the Convertible Bonds and the Existing CB; and (iv) assuming full conversion of the Convertible Bonds, the Existing CB and the Fortune Noble CB.

SunTrust shareholders	As at the Latest Practicable Date		Assuming full conversion of the Convertible Bonds		Assuming full conversion of the Convertible Bonds and the Existing CB		Assuming full conversion of the Convertible Bonds, the Existing CB and the Fortune Noble CB	
	Number of SunTrust		Number of SunTrust		Number of SunTrust		Number of SunTrust	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
Fortune Noble Limited	3,697,500,000	51.0	3,697,500,000	33.2	3,697,500,000	26.0	10,333,863,636	49.5
SA Investments	-	-	3,878,787,878	34.9	6,989,898,989	49.1	6,989,898,989	33.5
Other non-public shareholders	2,513,694,005	34.7	2,513,694,005	22.6	2,513,694,005	17.6	2,513,694,005	12.0
Public shareholders	1,038,805,995	14.3	1,038,805,995	9.3	1,038,805,995	7.3	1,038,805,995	5.0
Total	7,250,000,000	100.0	11,128,787,878	100.0	14,239,898,989	100.0	20,876,262,625	100.0

Note: As the issue of any SunTrust Shares upon any conversion of the Convertible Bonds, the Existing CB and/or the Fortune Noble CB is subject to the PSE Listing Rules, in particular the public float requirements (i.e. 10% of the issued SunTrust Shares) under the PSE Listing Rules, the above illustrated scenarios are for illustrative purposes only.

As illustrated above, assuming that (i) SA Investments exercises its full conversion rights under the Convertible Bonds and the Existing CB; (ii) Suncity has not exercised its conversion rights under the Fortune Noble CB; and (iii) no other SunTrust Shares are issued, SA Investments will hold in aggregate approximately 49.1% equity interest in SunTrust. In the aforementioned scenario, as SA Investments will become the single largest shareholder of SunTrust and will be considered as being able to exercise control over SunTrust, subject to, among other requirements, the relevant accounting standards, the financial results of the SunTrust Group will be consolidated into the financial statements of the SA Group.

INFORMATION ABOUT SUNTRUST GROUP AND SUNCITY

SunTrust is a company incorporated in the Philippines, the shares of which are listed on the PSE. The SunTrust Group is principally engaged in the development and operation of an integrated resort in the Philippines.

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As at the Latest Practicable Date, SunTrust is indirectly held as to 51% by Suncity and hence is a non wholly-owned subsidiary of Suncity. Suncity and its subsidiaries are principally engaged in (i) through the SunTrust Group, the development and operation of an integrated resort in the Philippines; (ii) through the SA Group, the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region (the “**IEZ Primorye**”) in the Russian Federation; (iii) provision of travel related products and services and aircraft chartering services; (iv) provision of hotel and integrated resort general consultancy services; (v) property development in the PRC and Japan; and (vi) property leasing and management and operation of malls in the PRC.

As disclosed in the Suncity Circular and Suncity’s interim report, for the six-month period ended 30 June 2021, published on 23 September 2021, 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 in 2023. The Main Hotel Casino will encompass a (i) 5-Star hotel with over 450 hotel rooms; (ii) casino establishment with approximately 300 gaming tables and 1,300 electronic gaming machines; and (iii) approximately 1,000 car parking spaces for the hotel and casino establishment to be erected at the Project Site. Further details are set out in the Suncity Circular.

INFORMATION ABOUT SUMMIT ASCENT AND SA INVESTMENTS

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

REASONS FOR AND BENEFITS OF THE LOAN VARIATION AND SUBSCRIPTION

On 23 February 2021, SunTrust as borrower entered into the Loan Agreement with SA Investments as lender, pursuant to which SA Investments shall conditionally provide the Loan (i.e. in the principal amount of US\$120,000,000 (equivalent to HK\$930,000,000)) to SunTrust which was advanced to SunTrust on 18 May 2021.

On 17 October 2021, the maturity date of the Loan was extended from 18 October 2021 to 18 November 2021. As at the existing maximum extended maturity date of the Loan (i.e. 18 November 2021), the outstanding balance of the Loan will be US\$123.6 million (equivalent to approximately HK\$957.9 million) comprising the principal amount of the Loan of US\$120.0 million (equivalent to approximately HK\$930.0 million) and interest accrued up to 18 November 2021 of US\$3.6 million (equivalent to approximately HK\$27.9 million).

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At the time of entering into the Loan Agreement, there were indications that the COVID-19 situation in the Philippines was improving because of the imminent deployment of various COVID-19 vaccines and the decreasing trend of infections in the Philippines from 3,109 confirmed cases of COVID-19 recorded on 10 August 2020 to 1,887 confirmed cases of COVID-19 recorded on 22 February 2021, being the day before the date of the Loan Agreement, according to data published by the World Health Organisation (“WHO”). However, the COVID-19 outbreak has worsened in the Philippines. According to the WHO, up to the date of entering into the Subscription Agreement, the Philippines had recorded up to 20,000 daily new confirmed cases of COVID-19. Due to the worsening COVID-19 situation in Manila, where the Main Hotel Casino is currently being developed, there have been various stages of enhanced quarantine and lockdown measures taken to fight the spread of the new variants of COVID-19 which have severely limited business and governmental services. The stay-at-home order has severely hampered the negotiations between SunTrust and various third parties in relation to securing financing for the development of the Main Hotel Casino, as the banks and financial institutions who have indicated interest in providing financing for the development of the Main Hotel Casino were not able to adequately perform their respective know your client and due diligence related procedures, such as in-person meetings with the management of SunTrust. Accordingly, as SunTrust was not able to secure adequate financing within the original projected timeline, the funds provided under the Loan and subsequently the Loan Variation and the Subscription are essential to prevent any delays in the construction of the Main Hotel Casino.

Based on the latest development plan and schedule of the Main Hotel Casino, the total construction and development costs, including the payment of lease of the Project Site, paid and estimated to be payable by SunTrust are as follows:

	Paid up to	Payable for the period/ year ending 31 December			
	1 September	to			
	31 August	31 December	2022	2023	Total
	2021	2021	2022	2023	Total
Construction and development costs (in US\$ million)	297	44	211	448	<u>1,000</u>

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As illustrated above, the total construction and development costs of the Main Hotel Casino for it to commence operation in 2023 are estimated to be approximately US\$1,000 million (equivalent to approximately HK\$7,750 million) in total, of which US\$297 million (equivalent to approximately HK\$2,302 million) has already been paid as at 31 August 2021. The financing for the aforementioned US\$1,000 million (equivalent to approximately HK\$7,750 million) already raised and to be arranged is as follows:

Sources of funding	US\$ million	Expected repayment
(i) Subscription of the SunTrust Shares by shareholders of SunTrust	73	N/A
(ii) Subscription of the Fortune Noble CB by Fortune Noble Limited	150	December 2030
(iii) Subscription of the Existing CB by SA Investments	117	December 2030
	340	
The Convertible Bonds to be subscribed by Summit Ascent (only including the principal amount of the Loan)	120	July 2028
	460	
Equity or financing from financial institutions to be arranged	540	June 2029
	1,000	
Total		

As illustrated above, approximately US\$340 million (equivalent to approximately HK\$2,635 million) has been raised via (i) the subscription of the SunTrust Shares by shareholders of SunTrust; (ii) the subscription of Fortune Noble CB by Fortune Noble Limited; and (iii) the subscription of the Existing CB by SA Investments. With the proposed subscription of the Convertible Bonds, SunTrust would raise approximately US\$460 million (equivalent to approximately HK\$3,565 million) in aggregate.

As disclosed in the Announcement, the SA Group, led by the recently appointed SA Director Mr. Chua Ming Huat David, and SunTrust are currently in discussions with banks and several other financial institutions (collectively “**Financial Institutions**”) in the Philippines and the Southeast Asian region to secure financing alternatives towards completing the Main Hotel Casino. As at the Latest Practicable Date, feedback from the Financial Institutions has been positive towards the Main Hotel Casino and a loan facility application has been made by SunTrust to a bank in relation to the Loan Facility. SunTrust has submitted responses to a preliminary list of due diligence questions issued by the bank and is undergoing procedural steps of the bank such as bank account opening and know your customer and other due diligence procedures.

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The suitability of these financing alternatives is being studied towards satisfying the remaining funding required to successfully complete the Main Hotel Casino. Currently, senior management of SunTrust and the SA Group are focusing on progressing detailed discussions for a US\$600 million (equivalent to approximately HK\$4,650 million) long-term loan facility from the Financial Institutions (the “**Loan Facility**”). While lockdowns in Manila have severely impacted management’s ability to have timely in-person discussions for the Loan Facility, management of SunTrust and the SA Group are making every endeavour to overcome these challenges by having regular calls with the Financial Institutions to update them on the progress of the Main Hotel Casino and its financing requirements.

Senior management of SunTrust and SA Group are of the opinion that the communications with the Financial Institutions so far show positive signs of SunTrust obtaining the Loan Facility for the Main Hotel Casino, which is sizable enough for SunTrust to finance the remaining construction works. In the event that the Subscription does not proceed, the SA Group and SunTrust will have to renegotiate with the Financial Institutions or seek other financing options for an additional US\$120 million (equivalent to approximately HK\$930 million).

As disclosed in the Loan Circular, the SA Group is (i) actively monitoring the development of the Main Hotel Casino; (ii) maintaining regular communication and active interaction with the SunTrust Group; and (iii) actively assisting SunTrust in obtaining financing from banks for the development of the Main Hotel Casino. With the SA Group’s understanding of the latest COVID-19 situation in the Philippines and the progress of SunTrust’s negotiations for further financing, the SA Board is of the opinion that SunTrust is unlikely to complete the funding application processes for a loan drawdown to settle the Indebted Amount in the short term, in particular by 18 November 2021, being the currently extended maturity date of the Loan, under the terms of the Loan Agreement.

During the COVID-19 lockdowns in Manila, the construction schedule of the Main Hotel Casino was badly affected due to the restricted supply of the construction materials and labour. Still, the construction works of the Main Hotel Casino have never been suspended by setting up a “safe work bubble” with vaccination and testing requirements for those working in the Project Site, which significantly reduces the risk of spread of COVID-19. However, a default of the Loan by SunTrust would severely hinder the development of the Main Hotel Casino, in particular the ability of SunTrust to secure further financing due to a record of default. The default would also hinder the financial position of the SA Group. As (i) SunTrust and the SA Group are subsidiaries of Suncity; and (ii) the SA Group currently holds the Existing CB in the principal amount of PHP5.6 billion (equivalent to approximately HK\$895.5 million) with a conversion price of PHP1.8 per conversion share which is a premium to the closing price of PHP1.55 per SunTrust Share as quoted on the PSE as at the Last Trading Day, the completion and eventual operation of the Main Hotel Casino is of benefit to the SA Group’s interests. The completion and operation of the Main Hotel Casino is expected to positively affect the market price of the SunTrust Shares which in turn is beneficial to SA Investments, as a holder of the Existing CB. In the case that the SA Group chooses not to convert the Existing CB, the completion and eventual operation of the Main Hotel Casino is definitely vital to the SunTrust Group’s ability to repay the Existing CB.

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As disclosed in an announcement of Suncity dated 13 November 2020, under the construction agreements entered into with the main contractor for the development of the Main Hotel Casino, the completion date of the construction of the Main Hotel Casino was expected to be in 2023. However due to the impacts of the COVID-19 outbreak as outlined above, the construction of the Main Hotel Casino has experienced intermittent delays, which may affect the eventual completion date and various mitigation measures have been taken accordingly.

Up to the Latest Practicable Date, the key design works of the Main Hotel Casino have already been finished and piling works in the Project Site has also been completed. Due to the restricted supply of construction materials and labour, SunTrust has rescheduled and prioritised some project tasks and broken them down into smaller structures and specified milestones and deliverables in order for them to be successfully executed. Because of the uncertainties arising from the sporadic lockdowns in Manila, construction schedules are being cautiously assessed by SunTrust and the SA Board to make sure that the construction of the Main Hotel Casino is going as planned and will be completed within the set timeframe. The key milestones for the construction of the Main Hotel Casino are summarised below:

Date	Milestone
1st quarter of 2022	Completion of major mechanical, engineering and plumbing works
3rd quarter of 2022	Completion of superstructure works
3rd quarter of 2023	Completion of fitting out works
4th quarter of 2023	Opening of the Main Hotel Casino

As abovementioned, the SA Group is confident that SunTrust will secure the total required financing for the construction of the Main Hotel Casino and SunTrust is steadily moving forward with the construction works to meet the set timeframe. However, the SA Board remains cautiously vigilant as the COVID-19 outbreak has been unpredictable and any such reactionary policies from the Philippines government, such as lockdowns, are out of the control of the SA Group. In the event that any such unexpected events affect the construction schedule of the Main Hotel Casino, the SA Group, along with Suncity and SunTrust, will seek appropriate solutions at such time in order to mitigate any potential delays.

Despite the worsening COVID-19 outbreak in the Philippines, taking into consideration (i) the announcement by the finance secretary of the Philippines in July 2021 that the Philippines is expected to receive 171.0 million doses of COVID-19 vaccine by the end of 2021 which is sufficient to inoculate 100% of the Philippines adult population; and (ii) the rapid vaccine deployment in the Philippines since 1 May 2021 with approximately 48.2 million doses administered in total as at the Latest Practicable Date as compared to only approximately 1.6 million doses administered in total prior to 1 May 2021, the SA Board is satisfied that the development of the Main Hotel Casino will be able to meet its expected construction and development schedule. Summit Ascent will keep the SA Shareholders and its investors updated on developments, as and when appropriate.

As part of the project management and for the internal assessment of the Main Hotel Casino, the SA Group regularly assesses the construction progress and the market environment of the Main Hotel Casino. Such assessments involve various projections on the Main Hotel Casino.

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As at the Latest Practicable Date, SunTrust has not defaulted on any interest accrued on the Loan or the Existing CB. The interest accrued on the Loan or the Existing CB will be due on their respective maturity date. In the event that the Subscription, the Loan Variation and the transactions contemplated thereunder proceeds to the Completion, the SA Board is of the view that SunTrust will not default on the Convertible Bonds and the Existing CB.

The maturity dates of both the Existing CB and the Convertible Bonds fall in 2025 which takes into account the upside potential of the SunTrust Shares upon the timely opening of the Main Hotel Casino in 2023, the SA Group could potentially capitalise on its investment without needing an extension to either of the convertible bonds. In the event that the SA Group chooses not to exercise its conversion rights under the Existing CB and the Convertible Bonds, assuming the timely opening of the Main Hotel Casino in 2023 and the extension of the maturity dates of the Existing CB and the Convertible Bonds, based on the expected operating cash flows of the Main Hotel Casino, SunTrust will have several years of operations to generate cash flow for the redemption the Existing CB and the Convertible Bonds. Accordingly, the SA Board is confident in the ability of SunTrust to redeem the Existing CB and the Convertible Bonds upon their respective extended maturity dates.

Taking into account the abovementioned factors, the SA Board (including the independent non-executive SA Directors as members of the Independent SA Board Committee whose recommendation is set out in the letter from the Independent SA Board Committee, after taking into account the advice from the Independent Financial Adviser) considers that a longer term extension of the Loan and a form of guarantee towards the Indebted Amount is required, of which the proposed Subscription of the Convertible Bonds through the Loan Set-Off is able to accomplish. The convertible nature of the Convertible Bonds provides a form of guarantee for the Indebted Amount and has potential to increase in value upon the completion and eventual operation of the Main Hotel Casino.

The COVID-19 outbreak continues to hinder the progress of the pre-construction phase, including design, procurement of construction materials, tendering and associated payments, of the SA Group's Phase II development of Tigre de Cristal. According to the WHO, the Russian Federation saw its highest monthly COVID-19 death toll in July and August 2021. The SA Group has been closely monitoring the effects of COVID-19 and whilst various quarantine and lockdown measures within the Russian Federation have been relaxed, Tigre de Cristal is still being severely impacted by the COVID-19 outbreak due to the imposition of significant restricted travel and quarantine measures in many other countries which is significantly reducing foreign visitors to the Russian Federation. As disclosed in Summit Ascent's 2021 interim report, published on 15 September 2021, average hotel occupancy rates of Tigre de Cristal were 44% during weekends and 21% during weekdays in the first half of 2021, compared to 88% during weekends and 63% during weekdays in 2019 before the COVID-19 pandemic. Taking into account the aforementioned factors, the SA Board considers proceeding with the SA Group's Phase II development of Tigre de Cristal is not an immediate priority due to the uncertainties related to the COVID-19 situation in the Russian Federation and other important international tourist markets. The Convertible Bonds provides a stable source of income to offset and hedge the SA Group against the continued risk caused by the COVID-19 outbreak, which will potentially generate interest income of approximately PHP384 million (approximately HK\$61.4 million) per annum.

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The COVID-19 outbreak has significantly reduced cross-border travel, so tourism reliant industries like the gaming industry has had to rely more on local markets instead of international markets. Metro Manila has a population of approximately 12 million people as compared to Vladivostok's population of approximately 600,000 people. Making reference to the 2020 annual report of Bloomberry Resorts Corp., the parent company of the Solaire Resort & Casino which the SA Directors consider to be directly comparable with the Main Hotel Casino in terms of location, size and capacity, the revenue generated through the local mass market by the Solaire Resort & Casino accounted for approximately two-thirds of the overall revenue of Solaire Resort & Casino.

The SA Group's subscription of the Existing CB was a stepping stone for the SA Group to enter into one of Asia's highest growth markets. Making reference to the 2019 annual report of the Philippine Amusement and Gaming Corporation ("**PAGCOR**"), prior to the COVID-19 outbreak, the gaming revenue of the Entertainment City in the Philippines recorded a compound annual growth rate ("**CAGR**") of approximately 24% from PHP87 billion in 2016 to PHP167 billion in 2019. Philippines is also a much more mature market in the gaming industry as compared to the IEZ Primorye, taking into consideration the well-defined rules and regulations of PAGCOR and many sizable integrated resorts are already operating in the Entertainment City, which provides a cluster effect. Investing in the Main Hotel Casino may also be the last chance to invest in the Entertainment City as Andrea Domingo, the chairperson of PAGCOR, publicly indicated that no new casinos will be authorised in the Entertainment City aside from the ones that are already in development.

There are also potential synergy effects between Tigre de Cristal and the Main Hotel Casino through cross-selling customers via methods such as loyalty points being redeemable at both locations or shared marketing campaigns and can also potentially save costs from bulk purchasing of gaming equipment and casino supplies.

Taking into account (i) the proven track record of Tigre de Cristal which recorded a positive EBITDA with net cash generated from operating activities during the first half of 2021; (ii) the strong balance sheet of the SA Group without interest-bearing borrowings; (iii) the uncertainties of the Russian market, including but not limited to the timing of its border reopening; (iv) the Phase II development of Tigre de Cristal is for expansion purposes only which can be achieved in stages according to the customer needs and such a strategy of targeted development will not affect Tigre de Cristal's current operations; (v) the interest income returns on the Existing CB and the Convertible Bonds; and (vi) the current market price of the SunTrust Shares may not have fully reflected the potential value of the Main Hotel Casino, the SA Board considers the development of the Main Hotel Casino is currently the more promising investment over the Phase II development of Tigre de Cristal. Nonetheless, the SA Board is confident it can secure funding for the Phase II development of Tigre de Cristal from internally generated cash flow and/or external sources as needed.

LETTER FROM THE SA BOARD

In the event that the SA Group intends to catch up with the construction schedule of the Phase II development of Tigre de Cristal, dependent upon (i) the available internal resources of the SA Group; (ii) the market sentiment towards the integrated resort industry, in particular the SA Group; and (iii) the political and economic environment of the Russian Federation, at such time, the SA Board will explore the SA Group's financing options such as equity financing, loans from non-controlling shareholders of a subsidiary of Summit Ascent or bank financing, and prioritise the building process by critical functions, such as hotel rooms and other non-gaming amenities, in order to reduce the advance payments and control the initial cash outflow. As at the Latest Practicable Date, the SA Group is currently mainly equity financed, except for (i) the non-interest bearing loans from non-controlling shareholders of a subsidiary of the SA Group; (ii) convertible bonds payable; and (iii) lease liabilities, with a healthy financial position and accordingly the SA Board is confident in the SA Group being able to secure adequate financing for the SA Group's Phase II development of Tigre de Cristal as needed.

Having considered the above, the SA Board (including the independent non-executive SA Directors as members of the Independent SA Board Committee whose recommendation is set out in the letter from the Independent SA Board Committee, after taking into account the advice from the Independent Financial Adviser) is of the view that the terms of the Subscription Agreement, including the Conversion Price, and the Loan Variation, are on normal commercial terms, fair and reasonable, and the entering into of the Subscription Agreement, while not in the ordinary and usual course of business of the SA Group, is in the interests of Summit Ascent and the SA Shareholders as a whole. Mr. Chau Cheok Wa, being common directors of Summit Ascent and Suncity, Mr. Lo Kai Bong, being common directors of Summit Ascent, Suncity and SunTrust, and Mr. Chua Ming Huat David, being common directors of Summit Ascent and SunTrust, are regarded as having a material interest (or as the case may be, potential conflict of interest) in the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder. At the meeting of the SA Board approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder, Mr. Chau Cheok Wa, Mr. Lo Kai Bong and Mr. Chua Ming Huat David had abstained from voting on the resolutions approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder.

LISTING RULES IMPLICATION

Chapter 14

On (i) 30 December 2020, the Existing CB in the principal amount of PHP5.6 billion (equivalent to approximately HK\$895.5 million) was issued by SunTrust as issuer to SA Investments as subscriber; and (ii) 18 May 2021, the Loan in the principal amount of US\$120.0 million (equivalent to approximately HK\$930.0 million) was advanced by SA Investments as lender to SunTrust as borrower. Given the Subscription Agreement is entered into by the SA Group within 12 months of the completion of the Existing CB Subscription and the Loan and the counterparty is the same party (i.e. SunTrust), pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Subscription Agreement are required to be aggregated with the Existing CB and the Loan.

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

LETTER FROM THE SA BOARD

Chapter 14A

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

Therefore, the Subscription Agreement constitutes a connected transaction for Summit Ascent under Chapter 14A. Given the Subscription Agreement is entered into by the SA Group within 12 months of the completion of the Existing CB Subscription and the Loan and the counterparty is the same party (i.e. SunTrust), pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Subscription Agreement are required to be aggregated with the Existing CB and the Loan.

As one or more of the applicable percentage ratios in respect of the Subscription, including the Loan Variation, whether on their own or when aggregated with those applicable to the Existing CB and the Loan, exceeds 25%, the Subscription is subject to the reporting, announcement and Independent SA Shareholders' approval requirements under Chapter 14A.

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

Reference is made to the Prospectus and the Rights Issue Results Announcement in relation to the Rights Issue, which was completed on 15 October 2020.

The Prospectus and the Rights Issue Results Announcement originally indicated that approximately 37.1% of the net proceeds from the Rights Issue or HK\$601.4 million would be applied for Phase II development of Tigre de Cristal, which is the SA Group's gaming and hotel property in the Integrated Entertainment Zone of the Primorye Region of the Russian Far East.

As disclosed in the Loan Announcement and the Loan Circular, part of the net proceeds from the Rights Issue to the extent of US\$60,000,000 (equivalent to HK\$465,000,000) ("**Original Portion for Tigre de Cristal**") originally intended for use in the Phase II development of Tigre de Cristal was proposed to be changed for the Loan. As disclosed in the poll results announcement of Summit Ascent dated 20 April 2021, the Loan Agreement was approved by the independent SA Shareholders of Summit Ascent and as disclosed in the announcement of Summit Ascent's interim report, published on 15 September 2021, for the six-month period ended 30 June 2021, the Loan was advanced to SunTrust on 18 May 2021.

Having considered the reasons for and benefits of the Loan Variation and Subscription as set out in this circular, the SA Board is of the view that the further change of the proposed use of the Original Portion for Tigre de Cristal from the Loan to the Subscription through the Loan Variation, pursuant to the Set-Off Deed under the terms and conditions of the Subscription Agreement, is fair and reasonable and in the interest of Summit Ascent and the SA Shareholders as a whole.

The change in use of the Original Portion for Tigre de Cristal from the Loan to the Subscription is subject to fulfillment of the Conditions Precedent, including the Independent SA Shareholders' approval to the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder.

LETTER FROM THE SA BOARD

SGM AND VOTING

The SGM will be convened and held at Jade Rooms V-VII, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 3:00 p.m. on Tuesday, 16 November 2021 to consider and, if thought fit, approve the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder.

At the SGM, any SA Shareholders with a material interest in the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder are required to abstain from voting on the proposed resolutions to be put forward to the Independent SA Shareholders at the SGM for approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder. Suncity and its associate, Victor Sky Holdings Limited, each holding 123,255,000 SA Shares and 3,018,306,811 SA Shares respectively (representing an aggregate of 69.66% interest in SA Shares), and Mr. Lo Kai Bong's associates, Better Linkage Limited and Ever Smart Capital Limited, each holding 520,000 SA Shares and 4,452,000 SA Shares respectively (representing an aggregate of 0.11% interest in SA Shares), will therefore be abstained from voting on the resolutions approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder at the SGM. Save as aforementioned, to the best of the SA Directors' knowledge, information and belief, having made all reasonable enquiries, no other SA Shareholders are materially interested in the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder who are required to abstain from voting at the SGM on the resolutions approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder.

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

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

RECOMMENDATION

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

LETTER FROM THE SA BOARD

Your attention is drawn to the letter from the Independent SA Board Committee set out on page 34 of this circular which contains its recommendation to the Independent SA Shareholders in relation to the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder, and the letter from the Independent Financial Adviser set out on pages 35 to 65 of this circular which contains its advice to the Independent SA Board Committee and the Independent SA Shareholders in this regard.

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

FINANCIAL EFFECTS OF THE SUBSCRIPTION AND THE LOAN VARIATION ON THE GROUP

The maximum principal amount of the Convertible Bonds, in total amount of PHP6.4 billion (equivalent to approximately HK\$995.1 million) represents approximately 26.7% of the net assets value of the SA Group as at 30 June 2021. As the Subscription will be settled by the Loan Set-Off, the Subscription and the Loan Variation will not cause any material impact on the total assets, total liabilities and net asset value of the SA Group. Earnings of the SA Group of PHP384 million (equivalent to approximately HK\$61.4 million) will be generated based on the 6% interest per annum under the Convertible Bonds, assuming subscription of the maximum principal amount of the Convertible Bonds, as a result of recognition of interest income in the relevant period.

ADDITIONAL INFORMATION

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

WARNING NOTICE

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

Yours faithfully,
For and on behalf of the SA Board of
Summit Ascent Holdings Limited
Chau Cheok Wa
Chairman

LETTER FROM THE INDEPENDENT SA BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent SA Board Committee to the Independent SA Shareholders prepared for the purpose of inclusion in this circular.



SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 102)

26 October 2021

To the Independent SA Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO LOAN VARIATION INVOLVING SUBSCRIPTION OF CONVERTIBLE BONDS;
(2) EXTENSION OF LOAN; AND
(3) FURTHER CHANGE IN USE OF PROCEEDS**

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

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

Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice, we consider that the terms of the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent SA Shareholders are concerned, and the entering into of the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder, while not in the ordinary and usual course of business of the SA Group, is in the interests of Summit Ascent and the Independent SA Shareholders as a whole. Accordingly, we recommend the Independent SA Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder.

**Yours faithfully,
For and on behalf of
The Independent SA Board Committee**

Mr. Lam Kwan Sing
*Independent
non-executive SA Director*

Mr. Lau Yau Cheung
*Independent
non-executive SA Director*

Mr. Li Chak Hung
*Independent
non-executive SA Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Astrum, the Independent Financial Adviser to the Independent SA Board Committee and the Independent SA Shareholders for the purpose of inclusion in this circular.



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

26 October 2021

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

Dear Sirs,

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO LOAN
VARIATION INVOLVING SUBSCRIPTION OF CONVERTIBLE BONDS;
AND
(2) EXTENSION OF LOAN**

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the “**Independent SA Board Committee**”) and the independent shareholders (the “**Independent SA Shareholders**”) of Summit Ascent Holdings Limited (“**Summit Ascent**”) in relation to the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder. The details of the Subscription and the Loan Variation were disclosed in the announcement of Summit Ascent dated 20 September 2021 (the “**Announcement**”) and in the letter from the board (the “**Letter from the SA Board**”) set out on pages 8 to 33 of the circular of Summit Ascent dated 26 October 2021 (the “**Circular**”) to its Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 20 September 2021 (after trading hours of the Stock Exchange), SA Investments, a wholly-owned subsidiary of Summit Ascent, entered into the Subscription Agreement with SunTrust, an indirect 51% owned subsidiary of Suncity, pursuant to which SunTrust has conditionally agreed to issue and SA Investments has conditionally agreed to subscribe for the Convertible Bonds in the maximum aggregate principal amount of PHP6.4 billion (equivalent to approximately HK\$1.0 billion). The aggregate subscription amount payable by SA Investments under the Subscription Agreement shall be satisfied by setting off the Indebted Amount with an equal amount of the aggregate subscription amount payable by SA Investments as at Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account the expected timeline for fulfilling the Conditions Precedent of approximately ten (10) months from the date of the Subscription Agreement (which is determined after taking into consideration the expected timeline of (i) the publication of the Circular by the end of October 2021; (ii) the holding of the SGM in mid-November 2021; (iii) obtaining the approval from the SEC in May 2022; and (iv) a two-month period for any unexpected circumstances, SA Investments has also agreed to extend the maturity date of the Loan to 18 July 2022 or such other date as SA Investments otherwise agrees to in its sole and absolute discretion.

The Existing CB in the principal amount of PHP5.6 billion (equivalent to approximately HK\$895.5 million) was issued by SunTrust as issuer to SA Investments as subscriber on 30 December 2020, and the Loan in the principal amount of US\$120.0 million (equivalent to approximately HK\$930.0 million) was advanced by SA Investments as lender to SunTrust as borrower on 18 May 2021. Given the Subscription Agreement is entered into by the SA Group within 12 months of the completion of the Existing CB Subscription and the Loan and the counterparty is the same party (i.e. SunTrust), pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Subscription Agreement are required to be aggregated with the Existing CB and the Loan.

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

SunTrust is a connected person of Summit Ascent for being an indirect 51% owned subsidiary of Suncity, which in turn is the controlling shareholder of Summit Ascent interested in, directly and indirectly, an aggregate of 69.66% of the SA Shares in issue. Therefore, the Subscription Agreement constitutes a connected transaction for Summit Ascent under Chapter 14A. Given the Subscription Agreement is entered into by the SA Group within 12 months of the completion of the Existing CB Subscription and the Loan and the counterparty is the same party (i.e. SunTrust), pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Subscription Agreement are required to be aggregated with the Existing CB and the Loan.

As one or more of the applicable percentage ratios in respect of the Subscription, including the Loan Variation, whether on their own or when aggregated with those applicable to the Existing CB and the Loan, exceeds 25%, the Subscription is subject to the reporting, announcement and Independent SA Shareholders' approval requirements under Chapter 14A.

Mr. Chau Cheok Wa, being common directors of Summit Ascent and Suncity, Mr. Lo Kai Bong, being common directors of Summit Ascent, Suncity and SunTrust, and Mr. Chua Ming Huat David, being common directors of Summit Ascent and SunTrust, are regarded as having a material interest (or as the case may be, potential conflict of interest) in the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder. At the meeting of the SA Board approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder, Mr. Chau Cheok Wa, Mr. Lo Kai Bong and Mr. Chua Ming Huat David had abstained from voting on the resolutions approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The SGM will be convened and held for the Independent SA Shareholders to consider and, if thought fit, approve the Subscription, the Loan Variation and the transactions contemplated thereunder. At the SGM, any SA Shareholders with a material interest in the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder are required to abstain from voting on the proposed resolutions to be put forward to the Independent SA Shareholders at the SGM for approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder. Suncity and its associate, Victor Sky Holdings Limited, each holding 123,255,000 SA Shares and 3,018,306,811 SA Shares respectively (representing an aggregate of 69.66% interest in SA Shares), and Mr. Lo Kai Bong's associates, Better Linkage Limited and Ever Smart Capital Limited, each holding 520,000 SA Shares and 4,452,000 SA Shares respectively (representing an aggregate of 0.11% interest in SA Shares), will therefore be abstained from voting on the resolutions approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder at the SGM. Save as aforementioned, to the best of the SA Directors' knowledge, information and belief, having made all reasonable enquiries, no other SA Shareholders are materially interested in the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder who are required to abstain from voting at the SGM on the resolutions approving the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder.

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

INDEPENDENCE DECLARATION

During the last two years, we have acted as (i) the independent financial adviser of Summit Ascent in respect of a connected transaction; (ii) the independent financial adviser of Suncity, which is one of the controlling shareholder of Summit Ascent, in respect of certain connected transactions; (iii) the independent financial adviser of a listed company on the Stock Exchange, where Mr. Cheng Ting Kong ("**Mr. Cheng**", who is one of the controlling shareholder of Summit Ascent) is the controlling shareholder, in respect of a connected transaction; and (iv) the independent financial adviser of a listed company on the Stock Exchange, where Mr. Cheng is the controlling shareholder, in respect of a mandatory cash offer. In view of the fact that each of the aforementioned engagements was an individual appointment of Astrum Capital Management Limited to act as independent financial adviser for providing independent opinion to the independent board committee and the independent shareholders in connection with different transactions, we are of the view that none of the previous engagements shall jeopardize our independence nor cause Astrum Capital Management Limited to have conflict of interest in acting as the independent financial adviser to the Independent SA Board Committee regarding the Subscription Agreement, the Loan Variation and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save as disclosed above, we were not aware of any relationships or interests between Astrum Capital Management Limited, Summit Ascent, Suncity, SunTrust and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates as at the Latest Practicable Date, and there was no other engagement between the SA Group, Suncity, SunTrust, Mr. Cheng and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the Subscription and the Loan Variation, no other arrangement exists whereby we will receive any fees and/or benefits from the SA Group. Accordingly, Astrum Capital Management Limited is independent as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent SA Board Committee and the Independent SA Shareholders in connection with the Subscription and the Loan Variation.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, *inter alia*, the Announcement, the Circular, the Loan Circular, the Suncity Circular, the Subscription Agreement, the Loan Agreement, the annual report of Summit Ascent for the financial year ended 31 December 2020 (the “**2020 Annual Report**”) and the interim report of Summit Ascent for the six months ended 30 June 2021 (the “**2021 Interim Report**”). We have also reviewed certain information provided by the management of Summit Ascent (the “**SA Management**”) relating to the operations, financial conditions and prospects of the SA Group. We have also (i) considered such other information, analysis and market data which we deemed relevant; and (ii) conducted discussions with the SA Management regarding the entering into of the Subscription Agreement, the Loan Variation, the businesses and future outlook of the SA Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Unless otherwise specified in this letter, (a) amounts denominated in US\$ have been converted to HK\$ at a rate of US\$1 to HK\$7.75; and (b) amounts denominated in HK\$ have been converted to PHP at a rate of HK\$1 to PHP6.2537.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on the SA Group

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

The SA Group holds a gaming license granted by the Russian government for an indefinite period and the development rights on three adjacent parcels of land, namely Lot 8, Lot 9 and Lot 10 with site area of approximately 73,000 square meters, 90,000 square meters and 154,000 square meters respectively, in the IEZ Primorye of the Russian Far East, being the largest of five designated zones in the Russian Federation where gaming and casino activities are legally permitted. The first gaming and hotel property, known as Tigre de Cristal, is built on Lot 9 and opened for business in the fourth quarter of 2015. Lot 8 is partly erected with dormitories, gas-powered station and storage area, called the utility zone. The remaining portion of Lot 8 and the entire Lot 10 are vacant land currently, held for the phased development of Tigre de Cristal in the future.

Due to the redesigns with the input of Suncity, the SA Group has been reviewing and finalizing the conceptual drawings of the Tigre de Cristal Phase II development on Lot 10. The estimated total development cost of the Tigre de Cristal Phase II development is approximately US\$200 million (equivalent to approximately HK\$1,550 million), which is expected to provide approximately 60,500 square metres of gross floor area having 50 VIP gaming tables, 25 mass gaming tables and 300 electronic gaming machines, and at least double the lodging capacity of the existing property with four restaurants and bars, additional retail offerings, and an indoor beach club and spa. The SA Directors believe that the Phase II development of Tigre de Cristal will place the SA Group in a better position to attract and retain customers, especially when other casino operators in the IEZ Primorye open for business in the future. Nevertheless, due to the continual impact of COVID-19, the progress of the pre-construction phase, including design, procurement of construction materials, tendering and associated payments, of the SA Group’s Phase II development of Tigre de Cristal has been affected. Accordingly, the fund originally intended for the use for Phase II development of Tigre de Cristal in an amount of US\$200 million (equivalent to approximately HK\$1,550 million) (including part of the net proceeds from the Rights Issue to the extent of US\$60 million (equivalent to approximately HK\$465 million)) (the “**Phase II Development Fund**”) was idle in bank bearing minimal interest at a rate of 0.72% per annum on average.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 23 February 2021, SA Investments (being a direct wholly-owned subsidiary of Summit Ascent), as lender, entered into the Loan Agreement with SunTrust, as borrower, pursuant to which SA Investments shall conditionally provide the Loan in the principal amount of US\$120 million (equivalent to approximately HK\$930 million) to SunTrust for financing the construction and development of the Main Hotel Casino. The Loan bears interest at a rate of 6% per annum, and will become mature on the date falling on the expiry of three months from the date of the disbursement of the Loan to SunTrust, extendable for successive terms of one month each subject to the aggregate term as may be extended shall not be more than three months (unless SA Investments otherwise agrees to a longer period in its sole and absolute discretion). With the Phase II Development Fund being idle in bank bearing minimal interest, Summit Ascent considers that the Loan provides the SA Group with an opportunity to earn interest income at the rate of 6% per annum for the moment, and that the rate of return of the Loan is way better than that as may be earned from fixed deposits with banks and financial institutions alike. Please refer to the Loan Circular for further details of the Loan. The Loan was subsequently advanced to SunTrust on 18 May 2021. As at the Latest Practicable Date, SunTrust was indebted to SA Investments approximately US\$123.1 million (equivalent to approximately HK\$954.0 million) comprising the outstanding principal amount of the Loan of US\$120.0 million (equivalent to approximately HK\$930.0 million) and interest accrued up to the Latest Practicable Date of approximately US\$3.1 million (equivalent to approximately HK\$24.0 million).

According to the 2021 Interim Report, the SA Group had cash and bank balances of approximately HK\$635.3 million as at 30 June 2021, representing a decrease of approximately 59.3% as compared to approximately HK\$1,562.3 million as at 31 December 2020. Such decrease in cash position was primarily due to the provision of the Loan to SunTrust.

2. Information about SunTrust

According to the Letter from the SA Board, SunTrust is a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN). The SunTrust Group is principally engaged in the development and operation of an integrated resort in the Philippines. As at the Latest Practicable Date, SunTrust was indirectly held as to 51% by Suncity, and hence is a non-wholly-owned subsidiary of Suncity. Suncity and its subsidiaries are principally engaged in (i) through the SunTrust Group, the development and operation of an integrated resort in the Philippines; (ii) through the SA Group, the operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation; (iii) provision of travel related products and services and aircraft chartering services; (iv) provision of hotel and integrated resort general consultancy services; (v) property development in the PRC and Japan; and (vi) property leasing and management and operation of malls in the PRC. Suncity and its subsidiaries have been expanding and seeking opportunities to expand its tourism-related business, in particular, investment in integrated resorts and provision of hotel and integrated resort general consultancy services in the South East Asia region.

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As disclosed in the Suncity Circular and the interim report of Suncity for the six months ended 30 June 2021 (the “**Suncity 2021 Interim Report**”), SunTrust signed the Lease Agreement with Westside City Resorts World Inc. and Travellers International Hotel Group, Inc. on 21 February 2020 in relation to the Project Site for the construction, development, operation and management of the Main Hotel Casino. The Main Hotel Casino will encompass a (i) 5-Star hotel with over 450 hotel rooms; (ii) casino establishment with approximately 300 gaming tables and 1,300 electronic gaming machines; and (iii) approximately 1,000 car parking spaces for the hotel and casino establishment to be erected at the Project Site. Further details are set out in the Suncity Circular. According to the Suncity 2021 Interim Report, the Main Hotel Casino is expected to commence operations in 2023.

On 1 June 2020, SunTrust as issuer entered into a subscription agreement (as supplemented by an extension letter dated 11 September 2020) with SA Investments as subscriber, pursuant to which SA Investments agreed to subscribe the Existing CB in the aggregate principal amount of PHP5.6 billion (equivalent to approximately HK\$895.5 million) with a coupon rate of 6% per annum to be issued by SunTrust. The SA Board considered that the subscription of the Existing CB allowed Summit Ascent to diversify the SA Group’s asset base and enter into a new developing geographical market, and the subscription of the Existing CB was the best available option to achieve the SA Group’s purpose of diversification after taking into account, among others, (i) the accessibility of gaming license since not all Asian jurisdictions are planning to issue new gaming licenses, (ii) the scale of the investment as the SA Group cannot afford to buy the controlling interest in a sizeable integrated resort subject to the SA Group’s own total asset value and human resources, (iii) whether a sound legal and regulatory framework and the sophisticated rules for the gaming industry have been developed by the regulatory authorities, (iv) the potential competition, (v) the certainty on timeframe and (vi) the collaboration with business partners, like gaming promoters and travel agents. The subscription of the Existing CB was duly approved by the then independent SA Shareholders at the special general meeting of Summit Ascent held on 7 September 2020. Completion of the subscription of the Existing CB subsequently took place on 30 December 2020.

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

A. The unexpected delay in bank financing for settlement of the Indebted Amount as a result of the increasing severity of COVID-19 in the Philippines since August 2021

As mentioned in the section headed “*1. Information on the SA Group*” above, the SA Group granted the Loan in the principal amount of US\$120 million (equivalent to approximately HK\$930 million) to SunTrust on 18 May 2021 for financing the construction and development of the Main Hotel Casino. The Loan would become mature on the date falling on the expiry of three months from the date of the disbursement of the Loan to SunTrust (i.e. 18 August 2021), extendable for successive terms of one month each subject to the aggregate term as may be extended shall not be more than three months (i.e. not later than 18 November 2021 (the “**Original Maturity Date**”) unless SA Investments otherwise agrees to a longer period in its sole and absolute discretion). In the meanwhile, SunTrust would continue to negotiate with banks and/or financial institutions and finalize the terms of bank loan. According to the Letter from the SA Board, on 17 August 2021, 17 September 2021 and 17 October 2021, the maturity date of the Loan was extended from 18 August 2021 to 18 September 2021, from 18 September 2021 to 18 October 2021 and from 18 October 2021 to 18 November 2021, respectively.

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Nevertheless, the COVID-19 outbreak in the Philippines has been getting worse since August 2021. According to data published by the World Health Organisation (“WHO”), the Philippines has recorded over 20,000 daily new confirmed cases of COVID-19 in September 2021, as compared to 1,887 confirmed cases of COVID-19 recorded on 22 February 2021, being the day before the date of the Loan Agreement. Due to the worsening COVID-19 situation in Manila, where the Main Hotel Casino is currently being developed, there have been various stages of enhanced quarantine and lockdown measures taken to fight the spread of the new variants of COVID-19 which have severely limited business and governmental services. The stay-at-home order has severely hampered the negotiations between SunTrust and various third parties in relation to securing financing for the development of the Main Hotel Casino, as the banks and financial institutions who have indicated interest in providing financing for the development of the Main Hotel Casino were not able to adequately perform their respective know your client and due diligence related procedures, such as in-person meetings with the management of SunTrust. As a result of the quarantine and lockdown measures imposed in the Philippines, SunTrust was not able to secure adequate financing within the original projected timeline.

According to the Letter from the SA Board, based on the latest development plan and schedule of the Main Hotel Casino, the total construction and development costs, including the payment of lease of the Project Site, paid and estimated to be payable by SunTrust are as follows:

	Paid up to	Payable for the period/year ending 31 December			
	31 August	1 September to 31 December	2022	2023	Total
(in US\$ million)	2021	2021			
Construction and development costs	297	44	211	448	1,000
					1,000

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As illustrated above, the total construction and development costs of the Main Hotel Casino for it to commence operation in 2023 are estimated to be approximately US\$1,000 million (equivalent to approximately HK\$7,750 million) in total, of which US\$297 million (equivalent to approximately HK\$2,302 million) has already been paid as at 31 August 2021. The financing for the aforementioned US\$1,000 million (equivalent to approximately HK\$7,750 million) already raised and to be arranged is as follows:

Sources of funding	US\$ million	Expected repayment
(i) Subscription of the SunTrust Shares by shareholders of SunTrust	73	N/A
(ii) Subscription of Fortune Noble CB by Fortune Noble Limited	150	December 2030
(iii) Subscription of the Existing CB by SA Investments	<u>117</u>	December 2030
	340	
The Convertible Bonds to be subscribed by Summit Ascent (only including the principal amount of the Loan)	<u>120</u>	July 2028
	460	
Equity or financing from financial institutions to be arranged	<u>540</u>	June 2029
Total	<u><u>1,000</u></u>	

As illustrated above, approximately US\$340 million (equivalent to approximately HK\$2,635 million) has been raised via (i) the subscription of the SunTrust Shares by shareholders of SunTrust; (ii) the subscription of Fortune Noble CB by Fortune Noble Limited; and (iii) the subscription of the Existing CB by SA Investments. With the proposed subscription of the Convertible Bonds, SunTrust would raise approximately US\$460 million (equivalent to approximately HK\$3,565 million) in aggregate.

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As disclosed in the Announcement, the SA Group, led by the recently appointed SA Director, Mr. Chua Ming Huat David, and SunTrust are currently in discussions with banks and several other financial institutions (collectively “**Financial Institutions**”) in the Philippines and the Southeast Asian region to secure financing alternatives towards completing the Main Hotel Casino. As at the Latest Practicable Date, a loan facility application has been made by SunTrust to a bank in relation to the Loan Facility. SunTrust has submitted responses to a preliminary list of due diligence questions issued by the bank and is undergoing procedural steps of the bank such as bank account opening and know your customer and other due diligence procedures. Currently, senior management of SunTrust and the SA Group are focusing on progressing detailed discussions for a US\$600 million (equivalent to approximately HK\$4,650 million) long-term loan facility from the Financial Institutions (the “**Loan Facility**”). While lockdowns in Manila have severely impacted management’s ability to have timely in-person discussions for the Loan Facility, management of SunTrust and the SA Group are making every endeavour to overcome these challenges by having regular calls with the Financial Institutions to update them on the progress of the Main Hotel Casino and its financing requirements.

Senior management of SunTrust and the SA Group are of the opinion that the communications with the Financial Institutions so far show positive signs of SunTrust obtaining the Loan Facility for the Main Hotel Casino, which is sizable enough for SunTrust to finance the remaining construction works. In the event that the Subscription does not proceed, the SA Group and SunTrust will have to renegotiate with the Financial Institutions or seek other financing options for an additional US\$120 million (equivalent to approximately HK\$930 million).

Due to the continual impact of COVID-19 as discussed above, and based on the current situation, the SA Board anticipates that SunTrust is unlikely to complete the funding application processes for a loan drawdown to settle the Indebted Amount in the short term, in particular by the Original Maturity Date, being the currently extended maturity date of the Loan, under the terms of the Loan Agreement.

As the holder of the Existing CB, the SA Group will consider to exercise the conversion right attaching to the Existing CB and become a shareholder of SunTrust to enjoy the benefits directly from the success of SunTrust should it perform well after the operation of the Main Hotel Casino. Even the SA Group chooses not to exercise the conversion right attaching to the Existing CB, the completion and eventual operation of the Main Hotel Casino is vital to the ability of SunTrust to redeem the Existing CB. Accordingly, the SA Group’s interest, to a certain extent, aligns with the financial performance of SunTrust. The SA Board is of the view that in the absence of the Loan Extension, a default of the Loan might happen and adversely affect the ability of SunTrust to secure further financing and thus hinder the development of the Main Hotel Casino, and will in turn adversely affect the fair value of the Existing CB and the interest of the SA Group as a whole.

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B. The Main Hotel Casino is considered as a sound investment project

We have enquired with the SA Management regarding the reasons for the Loan Variation by subscribing the Convertible Bonds but not purely extending the maturity of the Loan, and were given to understand that the Main Hotel Casino is considered as a sound investment project, and investment by way of the Convertible Bonds and the Existing CB offers a good opportunity for the SA Group to extend its presence to the Philippines with potentially attractive return. According to the annual reports of the Philippines Amusement and Gaming Corp (a state-run gaming regulator and operator, “PAGCOR”), the gross gaming revenue in the Philippines increased steadily from approximately PHP158.1 billion for the financial year ended 31 December 2016 to approximately PHP256.5 billion for the financial year ended 31 December 2019, representing a compound annual growth rate (“CAGR”) of approximately 17.5%. The gross gaming revenue in the Philippines then dropped by approximately 61.5% from approximately PHP256.5 billion for the financial year ended 31 December 2019 to approximately PHP98.8 billion for the financial year ended 31 December 2020. The SA Directors believe that such deterioration was attributable to the outbreak of COVID-19, and the gaming industry in the Philippines will recover gradually after the implementation of various measures by the government of the Philippines to control the spread of COVID-19 (including but not limited to the mass-scale vaccine injection). Accordingly, the SA Directors are of the view that the prospect of the gaming industry in the Philippines is still optimistic. According to the Letter from the SA Board, notwithstanding that the construction schedule of the Main Hotel Casino was badly affected during the COVID-19 lockdowns in Manila due to the restricted supply of the construction materials and labour, the construction works of the Main Hotel Casino have never been suspended by setting up a “safe work bubble” with vaccination and testing requirements for those working in the Project Site, which significantly reduces the risk of spread of COVID-19.

According to the Letter from the SA Board, up to the Latest Practicable Date, the key design works of the Main Hotel Casino have already been finished and piling works in the Project Site has also been completed. Due to the restricted supply of construction materials and labour, SunTrust has rescheduled and prioritised some project tasks and broken them down into smaller structures and specified milestones and deliverables in order for them to be successfully executed. Because of the uncertainties arising from the sporadic lockdowns in Manila, construction schedules are being cautiously assessed by SunTrust and the SA Board to make sure that the construction of the Main Hotel Casino is going as planned and will be completed within the set timeframe. The key milestones for the construction of the Main Hotel Casino are summarised below:

Date	Milestone
1st quarter of 2022	Completion of major mechanical, engineering and plumbing works
3rd quarter of 2022	Completion of superstructure works
3rd quarter of 2023	Completion of fitting out works
4th quarter of 2023	Opening of the Main Hotel Casino

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In the event that any such unexpected events affect the construction schedule of the Main Hotel Casino, the SA Group, along with Suncity and SunTrust, will seek appropriate solutions at such time in order to mitigate any potential delays.

Despite the worsening COVID-19 outbreak in the Philippines, taking into consideration (i) the announcement by the finance secretary of the Philippines in July 2021 that the Philippines is expected to receive 171.0 million doses of COVID-19 vaccine by the end of 2021 which is sufficient to inoculate 100% of the Philippines adult population; and (ii) the rapid vaccine deployment in the Philippines since 1 May 2021 with approximately 48.2 million doses administered in total as at the Latest Practicable Date as compared to only approximately 1.6 million doses administered in total prior to 1 May 2021, the SA Board is optimistic that the development of the Main Hotel Casino will be able to meet its expected construction and development schedule. Upon completion of construction, the Main Hotel Casino will encompass a (i) 5-Star hotel with over 450 hotel rooms; (ii) casino establishment with approximately 300 gaming tables and 1,300 electronic gaming machines; and (iii) approximately 1,000 car parking spaces for the hotel and casino establishment to be erected at the Project Site. We concur with the SA Director's view that the Subscription not only provides a stable source of income to the SA Group like provision of loan, but also represents an opportunity for the SA Group to enjoy profits brought about by the operation of the Main Hotel Casino which is expected to commence in 2023 as well as the possible upside of the SunTrust Share price in the future.

For illustration purposes only, the following table sets out the shareholding structure of SunTrust (i) as at the Latest Practicable Date; (ii) assuming full conversion of the Convertible Bonds; (iii) assuming full conversion of the Convertible Bonds and the Existing CB; and (iv) assuming full conversion of the Convertible Bonds, the Existing CB and Fortune Noble CB:

SunTrust shareholders	As at the Latest Practicable Date		Assuming full conversion of the Convertible Bonds		Assuming full conversion of the Convertible Bonds and the Existing CB		Assuming full conversion of the Convertible Bonds, the Existing CB, and Fortune Noble CB	
	<i>Number of SunTrust Shares</i>		<i>Number of SunTrust Shares</i>		<i>Number of SunTrust Shares</i>		<i>Number of SunTrust Shares</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Fortune Noble Limited	3,697,500,000	51.0	3,697,500,000	33.2	3,697,500,000	26.0	10,333,863,636	49.5
SA Investments	-	-	3,878,787,878	34.9	6,989,898,989	49.1	6,989,898,989	33.5
Other non-public shareholders	2,513,694,005	34.7	2,513,694,005	22.6	2,513,694,005	17.6	2,513,694,005	12.0
Public shareholders	1,038,805,995	14.3	1,038,805,995	9.3	1,038,805,995	7.3	1,038,805,995	5.0
Total	7,250,000,000	100.0	11,128,787,878	100.0	14,239,898,989	100.0	20,876,262,625	100.0

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Assuming there is no other change in the issued share capital of SunTrust, (i) upon the full conversion of all the Existing CB and the Convertible Bonds, the SA Group will hold approximately 49.1% of the issued share capital of SunTrust; and (ii) upon the full conversion of all the Existing CB, the Convertible Bonds and Fortune Noble CB, the SA Group will hold approximately 33.5% of the issued share capital of SunTrust.

As part of the project management and for the internal assessment of the Main Hotel Casino, the SA Group regularly assesses the construction progress and the market environment of the Main Hotel Casino. Such assessments involve various projections of the Main Hotel Casino (the “**Relevant Projection**”). The maturity dates of both the Existing CB and the Convertible Bonds fall in 2025 which takes into account the upside potential of the SunTrust Shares upon the timely opening of the Main Hotel Casino in 2023, the SA Group could potentially capitalize on its investment without needing an extension to either of the convertible bonds. In the event that the SA Group chooses not to exercise its conversion rights under the Existing CB and the Convertible Bonds, assuming the timely opening of the Main Hotel Casino in 2023 and the extension of the maturity dates of the Existing CB and the Convertible Bonds, based on the expected operating cash flows of the Main Hotel Casino, SunTrust will have several years of operations to generate cash flow for the redemption of the Existing CB and the Convertible Bonds. Accordingly, the SA Board is confident in the ability of SunTrust to redeem the Existing CB and the Convertible Bonds upon their respective extended maturity dates.

In this regard, we have obtained from the SA Management the Relevant Projection (including but not limited to the cash-flow projection of the Main Hotel Casino during the construction stage and the operation stage, the projected repayment schedule of the Loan Facility, and the projected interest payment schedule of the Existing CB and the Convertible Bonds), and have discussed with the SA Management in respect of the assumptions used in the Relevant Projection. The principal assumptions of the Relevant Projection are set out below:

- (i) the construction work of the Main Hotel Casino will proceed in accordance with the construction schedule;
- (ii) SunTrust will be able to obtain the Loan Facility in an aggregate principal amount of US\$600 million for the construction and development of the Main Hotel Casino;
- (iii) the Main Hotel Casino will commence operation based on the latest development plan and schedule of the Main Hotel Casino;
- (iv) there will be no major changes in the existing political, legal, and economic conditions in the Philippines in which the Main Hotel Casino operates;
- (v) there will be no major changes in the current taxation law in the Philippines in which the Main Hotel Casino operates, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- (vi) effective tax rates, exchange rates and interest rates will not differ materially from those presently prevailing;

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- (vii) there will be no material deviation or changes in the industry trends and market conditions which would significantly affect the revenues, profits, cash flows attributable to the Main Hotel Casino;
- (viii) the Main Hotel Casino will successfully maintain its competitiveness and market share through optimising the utilisation of its resources, expanding its marketing network and investing in gaming and hotel;
- (ix) the Main Hotel Casino can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained; and
- (x) the Main Hotel Casino will retain and have competent management, key personnel, and technical staff to support its ongoing operation.

With respect to the Relevant Projection and the assumptions used, we have reviewed the following information and documents provided by the SA Management:

- (i) the construction plan for the Main Hotel Casino prepared by the project and construction management company, which is global design, engineering and management consulting company;
- (ii) the budget for land, construction, consultancy, project management and insurance and pre-opening cost, and certain awarded contracts in respect of the construction of the Main Hotel Casino;
- (iii) the operation plan of the Main Hotel Casino (including the floor plan of the casino, number of slot machines, gaming tables and electronic table games, number and type of hotel rooms, license fee structure, profit sharing mechanism, commission and rebates to junket operators and VIP customers);
- (iv) the Loan Facility application made by SunTrust to the Financial Institutions and the projected repayment schedule of the Loan Facility; and
- (v) the projected interest and principal payment schedule of the Existing CB and the Convertible Bonds in accordance with the terms of the deeds of the Existing CB and the Convertible Bonds.

Based on our review on the Relevant Projection and the aforementioned information and documents provided by the SA Management, as well as our discussion with the SA Management, we are of the view that the assumptions used in the Relevant Projections were determined by the management of SunTrust under due and careful consideration, and the adoption of such assumptions for the preparation of the Relevant Projections is appropriate.

Based on our review on the Relevant Projection, we noted that SunTrust would have sufficient cash to redeem the Convertible Bonds and the Existing CB, if the SA Group wishes to, on their respective extended maturity dates.

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As at the Latest Practicable Date, SunTrust has not defaulted on any interest accrued on the Loan or the Existing CB. The interest accrued on the Loan or the Existing CB will be due on their respective maturity date. In the event that the Subscription, the Loan Variation and the transactions contemplated thereunder proceeds to the Completion, the SA Board is of the view that SunTrust will not default on the Convertible Bonds and the Existing CB.

C. The development of the Main Hotel Casino is currently the more promising investment over the Phase II development of Tigre de Cristal.

As mentioned in the Loan Circular, the Loan proceeds was part of the Phase II Development Fund and was originally intended for the use for the Phase II development of Tigre de Cristal. In accordance with the then construction progress of the Phase II development of Tigre de Cristal, the SA Group expected that the payment for the Phase II development of Tigre de Cristal to be financed by the Loan proceeds will become payable after the end of 2021. In this regard, we have enquired with the SA Management about the latest construction progress and payment schedule of the Phase II development of Tigre de Cristal, and were advised that the COVID-19 outbreak continues to hinder the progress of the pre-construction phase, including design, procurement of construction materials, tendering and associated payments, of the SA Group's Phase II development of Tigre de Cristal. According to the WHO, the Russian Federation saw its highest monthly COVID-19 death toll in July and August 2021. The SA Group has been closely monitoring the effects of COVID-19 and whilst various quarantine and lockdown measures within the Russian Federation have been relaxed, Tigre de Cristal is still severely impacted by the COVID-19 outbreak due to the imposition of significant restricted travel and quarantine measures in many other countries, which in turn significantly reduces the number of foreign visitors to the Russian Federation. As disclosed in the 2021 Interim Report, the average hotel occupancy rates of Tigre de Cristal were 44% during weekends and 21% during weekdays in the first half of 2021, compared to 88% during weekends and 63% during weekdays in 2019 before the COVID-19 pandemic. Taking into account the aforementioned factors, the SA Board considers proceeding with the SA Group's Phase II development of Tigre de Cristal is not an immediate priority due to the uncertainties related to the COVID-19 situation in the Russian Federation and other important international tourist markets, and that the Subscription could provide the SA Group a stable source of income of approximately PHP384.0 million (equivalent to approximately HK\$61.4 million, calculated based on the Maximum Set-Off Amount of US\$128.4 million (equivalent to approximately PHP6,400.0 million)) per annum to offset and hedge the SA Group against the continued risk caused by the COVID-19 outbreak.

We further understood from the SA Management that the COVID-19 outbreak has significantly reduced cross-border travel, so tourism reliant industries like the gaming industry has had to rely more on local markets instead of international markets. Metro Manila has a population of approximately 12 million people as compared to Vladivostok's population of approximately 600,000 people. Making reference to the 2020 annual report of Bloomberry Resorts Corp., the parent company of the Solaire Resort & Casino which the SA Directors consider to be directly comparable with the Main Hotel Casino in terms of location, size and capacity, the revenue generated through the local mass market by the Solaire Resort & Casino accounted for approximately two-thirds of the overall revenue of Solaire Resort & Casino. As Metro Manila has a bigger population than Vladivostok and the gaming industry has had to rely more on local mass markets instead of international market due to the COVID-19 outbreak, we concur with the view of the SA Directors that the potential market size of the Main Hotel Casino is larger than that of the Phase II development of Tigre de Cristal under the current circumstances.

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The SA Group's subscription of the Existing CB was a stepping stone for the SA Group to enter into one of Asia's highest growth markets. Making reference to the 2019 annual report of PAGCOR, prior to the COVID-19 outbreak, the gaming revenue of the Entertainment City in the Philippines recorded a CAGR of approximately 24% from PHP87 billion in 2016 to PHP167 billion in 2019. Philippines is also a much more mature market in the gaming industry as compared to the IEZ Primorye, taking into consideration the well-defined rules and regulations of PAGCOR and many sizable integrated resorts are already operating in the Entertainment City, which provides a cluster effect. Investing in the Main Hotel Casino may also be the last chance to invest in the Entertainment City as Andrea Domingo, the chairperson of PAGCOR, publicly indicated that no new casinos will be authorised in the Entertainment City aside from the ones that are already in development.

There are also potential synergy effects between Tigre de Cristal and the Main Hotel Casino through cross-selling customers via methods such as loyalty points being redeemable at both locations or shared marketing campaigns and can also potentially save costs from bulk purchasing of gaming equipment and casino supplies.

Taking into account that (i) the proven track record of Tigre de Cristal which recorded a positive EBITDA with net cash generated from operating activities during the first half of 2021; (ii) the strong balance sheet of the SA Group without interest-bearing borrowings; (iii) the uncertainties of the Russian market, including but not limited to the timing of its border reopening; (iv) the Phase II development of Tigre de Cristal is for expansion purposes only which can be achieved in stages according to the customer needs and such a strategy of targeted development will not affect Tigre de Cristal's current operations; (v) the interest income returns on the Existing CB and the Convertible Bonds; and (vi) the current market price of the SunTrust Shares may not have fully reflected the potential value of the Main Hotel Casino, the SA Board considers the development of the Main Hotel Casino is currently the more promising investment over the Phase II development of Tigre de Cristal. Nonetheless, the SA Board is confident it can secure funding for the Phase II development of Tigre de Cristal from internally generated cash flow and/or external sources as needed.

In the event that the SA Group intends to catch up with the construction schedule of the Phase II development of Tigre de Cristal, dependent upon (i) the available internal resources of the SA Group; (ii) the market sentiment towards the integrated resort industry, in particular the SA Group; and (iii) the political and economic environment of the Russian Federation, at such time, the SA Board will explore the SA Group's financing options such as equity financing, loans from non-controlling shareholders of a subsidiary of Summit Ascent or bank financing, and prioritise the building process by critical functions, such as hotel rooms and other non-gaming amenities, in order to reduce the advance payments and control the initial cash outflow. As at the Latest Practicable Date, the SA Group is currently mainly equity financed, except for (i) the non-interest bearing loans from non-controlling shareholders of a subsidiary of the SA Group; (ii) convertible bonds payable; and (iii) lease liabilities, with a healthy financial position and accordingly the SA Board is confident in the SA Group being able to secure adequate financing for the SA Group's Phase II development of Tigre de Cristal as needed.

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D. Conclusion

Having considered the above, in particular the facts that (i) SunTrust is unlikely to complete the funding application processes for a loan drawdown to settle the Indebted Amount in the short term, in particular by the Original Maturity Date; (ii) by virtue of holding the Existing CB, the SA Group's interest, to a certain extent, aligns with the financial performance of SunTrust; (iii) a default of the Loan by SunTrust would severely hinder the development of the Main Hotel Casino and would in turn adversely affect the fair value of the Existing CB and the interest of the SA Group as a whole; (iv) proceeding with the SA Group's Phase II development of Tigre de Cristal is not an immediate priority due to the uncertainties related to the COVID-19 situation in the Russian Federation and other important international tourist markets; (v) the COVID-19 outbreak has significantly reduced cross-border travel, so tourism reliant industries like the gaming industry has had to rely more on local markets instead of international markets, where Metro Manila has a population of approximately 12 million people as compared to Vladivostok's population of approximately 600,000 people; (vi) under the current situation, investing in the Main Hotel Casino may be the last chance to invest in the Entertainment City in the Philippines; (vii) the Subscription not only provides a stable source of income to the SA Group like provision of loan, but also represents an opportunity for the SA Group to enjoy profit brought about by the operation of the Main Hotel Casino which is expected to commence in 2023 as well as the possible upside of the SunTrust Share price in the future; (viii) the Expected Completion Date is 18 July 2022 (which is after the Original Maturity Date), and the Loan Extension is considered as part and parcel of the Loan Variation; and (ix) and the terms of the Convertible Bonds (including the interest rate) and the Loan Extension are fair and reasonable so far as the Independent SA Shareholders are concerned (please refer to our analysis as detailed in the sections headed "4. Principal terms of the Convertible Bonds" and "5. Principal terms of the Loan Extension" below), we concur with the SA Directors' view that the Subscription and the Loan Variation are in the interests of Summit Ascent and the SA Shareholders as a whole.

4. Principal terms of the Convertible Bonds

Issuer:	SunTrust
Principal amount:	a maximum of PHP6.4 billion (equivalent to approximately HK\$1.0 billion)
Form and denomination:	The Convertible Bonds will be issued in registered form and in a minimum denomination of PHP10,000,000 each save where the outstanding amount of the Convertible Bond is less than PHP10,000,000 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

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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 (as defined below)

The interest rate of the Convertible Bonds was determined with reference to the interest rate of the Existing CB and the Loan.

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

The default interest rate of the Convertible Bonds was determined with reference to the default interest rate of the Existing CB and the Loan.

Maturity date:

the date falling on the third (3rd) 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 sixth (6th) 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**”)

The Maturity Date was determined by taking into account (i) the expected opening date of the Main Hotel Casino; (ii) the expected operating cash flows of the Main Hotel Casino; (iii) the repayment on the potential bank financing to be obtained by SunTrust; and (iv) the maturity dates of the Existing CB and Fortune Noble CB.

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Conversion Price:

The price at which Conversion SunTrust Shares will be issued upon conversion will initially be PHP1.65 per Conversion SunTrust Share, which is subject to adjustment provisions, brief particulars of which are set out in the Letter from the SA Board. The Conversion Price represents the following closing price of the SunTrust Shares as quoted on the PSE:

- (1) a premium of approximately 6.45% over the closing price of PHP1.55 per SunTrust Share as at the Last Trading Day;
- (2) a premium of approximately 3.13% over the average closing price of PHP1.60 per SunTrust Share for the last five trading days up to and including the Last Trading Day;
- (3) equivalent to the average closing price of PHP1.65 per SunTrust Share for the last ten trading days up to and including the Last Trading Day; and
- (4) a premium of approximately 10.74% over the closing price of PHP1.49 per SunTrust Share as at the Latest Practicable Date.

According to the Letter from the SA Board, the Conversion Price was arrived at after arm's length negotiations between SunTrust and Summit Ascent with reference to (i) the prevailing market price of the SunTrust Shares; (ii) the interest rate of the Convertible Bonds of 6.0% per annum; and (iii) the Indebted Amount.

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**")

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Redemption:

Early redemption by SunTrust:

SunTrust is entitled to cancel and to redeem all the Convertible Bonds in whole at any time after the first anniversary of the issue date of the Convertible Bonds and expiring on the Maturity Date at 100% of their outstanding principal amount together with accrued interest (including default interest) (if any) up to the date of redemption. The decision of SunTrust to cancel and to redeem the Convertible Bonds is made by written notice to the holders of the Convertible Bonds by giving them seven Business Days' prior notice specifying the proposed date of redemption.

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

The holder of the Convertible Bonds may request SunTrust for early redemption of the Convertible Bonds 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 100% of their outstanding principal amount together with accrued interest thereon (including default interest) (if any) up to the date of redemption. The decision of holder of the Convertible Bonds to redeem the Convertible Bonds is made by written notice to SunTrust by giving SunTrust seven Business Days' prior notice.

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; and
- any other outstanding amount due but unpaid under the Convertible Bonds.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Redemption upon event of default:

Upon the occurrence of an event of default (brief particular of which are mentioned in the Letter from the SA Board), SunTrust shall redeem the Convertible Bonds at:

- 100% of 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 internal rate of return on the Convertible Bonds to be redeemed at 10% (having included the interest 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.

For further details of the principal terms of the Convertible Bonds, please refer to the Letter from the SA Board.

According to the Letter from the SA Board, the terms of the Convertible Bonds are on substantially the same terms as the Existing CB, in particular the interest and default interest rates which are also the same as the Loan. As at the Latest Practicable Date, the SA Group had no interest-bearing borrowings and taken into account with the SA Group's strong balance sheet, the SA Board is confident that in the event that the SA Group is in need of any funding requirements in the future, the SA Group would be able to potentially secure more favorable terms compared to that of the Convertible Bonds. Taking into account the abovementioned factors, the SA Board considers that the terms of the Convertible Bonds are on normal commercial terms and fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the terms of the Convertible Bonds, we have identified a list of convertible bonds/notes as announced by companies listed on the Stock Exchange (the “**Comparable CBs**”) during the last three months prior to and including 20 September 2021, being the date of the Subscription Agreement. To the best of our knowledge and as far as we are aware of, we identified an exhaustive list of 18 transactions which were announced during the said three-month period and have not lapsed as at the Latest Practicable Date. SA Shareholders should, however, note that the businesses, operations and prospect of Summit Ascent are not the same as the issuers of the Comparable CBs. Notwithstanding that, we consider that the Comparable CBs were determined under similar market conditions and sentiment and hence, provide a general reference on the key terms for this type of transactions in Hong Kong. Therefore, we consider that the Comparable CBs are indicative in assessing the fairness and reasonableness of the key terms of the Convertible Bonds (including but not limited to the Conversion Price). The following table sets forth the relevant details of the Comparable CBs:

Table 1: Details of the Comparable CBs

Date of announcement	Name of Company	Stock code	Duration (years)	Interest rate per annum (%)	Default interest rate per annum (%)	Premium/(discount) of conversion price over/(to) the closing price of the last trading day prior to the date of the relevant agreement	Premium/(discount) of conversion price over/(to) the average closing price of the last 5 trading days prior to the date of the relevant agreement
						(“Premium/ (Discount) – Last Day”) (%)	(“Premium/ (Discount) – 5 Days”) (%)
15/09/2021	China Ludao Technology Company Limited	2023	3.0	5.9	N/A	60.00	58.70
13/09/2021	Apollo Future Mobility Group Limited	860	3.0 (Note 1)	9.0	N/A	1.85	0.00
08/09/2021	Apollo Future Mobility Group Limited	860	3.0 (Note 2)	9.0	N/A	0.00	4.96
07/09/2021	Hua Yin International Holdings Limited	989	3.0 (Note 3)	2.0	N/A	2.63	0.52
01/09/2021	Sino Vision Worldwide Holdings Limited	8086	1.0	1.0	5.0	69.49	66.94 (Note 5)
20/08/2021	Sinopharm Tech Holdings Limited	8156	1.5	7.0	N/A	26.10	26.60
11/08/2021	Standard Chartered PLC	2888	Perpetual	4.3 (Note 6)	N/A	(0.58) (Note 7)	0.43 (Note 7)
09/08/2021	DeTai New Energy Group Limited	559	2.0	0.0	N/A	0.00	6.88
30/07/2021	Century Sage Scientific Holdings Limited	1450	3.0	1.0	N/A	(71.25) (Note 4)	(64.17) (Note 5)
23/07/2021	Hope Life International Holdings Limited	1683	3.0	3.0	N/A	17.12	11.11

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Name of Company	Stock code	Duration (years)	Interest rate per annum (%)	Default interest rate per annum (%)	Premium/(discount)	Premium/(discount)
						of conversion price over/(to) the closing price of the last trading day prior to the date of the relevant agreement	of conversion price over/(to) the average closing price of the last 5 trading days prior to the date of the relevant agreement
						("Premium/ (Discount) - Last Day") (%)	("Premium/ (Discount) - 5 Days") (%)
22/07/2021	Jiayuan International Group Limited	2768	3.5	7.0	N/A	6.06	9.86
20/07/2021	Far East Horizon Limited	3360	5.0	0.0	N/A	28.92	29.85
16/07/2021	Asiaray Media Group Limited	1993	Perpetual	4.0	N/A	25.30	22.10
09/07/2021	Expert Systems Holdings Limited	8319	5.0	2.5	N/A	5.70	7.00
29/06/2021	CMMB Vision Holdings Limited	471	7.0	0.0	N/A	22.81	20.69
28/06/2021	China VAST Industrial Urban Development Company Limited	6166	3.0	6.0	N/A	0.00	0.66
23/06/2021	Beijing Energy International Holding Co., Ltd.	686	3.0	3.8	N/A	20.00	20.00
21/06/2021	Carrianna Group Holdings Company Limited	126	2.0	3.0	N/A	3.50	6.00
		Maximum:	Perpetual <i>(Note 8)</i>	9.0	5.0	69.49 <i>(Note 4)</i>	58.70 <i>(Note 5)</i>
		Minimum:	1.0 <i>(Note 8)</i>	0.0	5.0	(0.58) <i>(Note 4)</i>	0.00 <i>(Note 5)</i>
		Median:	3.0 <i>(Note 8)</i>	3.4	5.0	6.06 <i>(Note 4)</i>	8.43 <i>(Note 5)</i>
		Average:	3.2 <i>(Note 8)</i>	3.8	5.0	16.99 <i>(Note 4)</i>	14.08 <i>(Note 5)</i>
	Convertible Bonds:		3.0 <i>(Note 9)</i>	6.0	8.0	6.45	3.13

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

Notes:

1. According to the announcement of Apollo Future Mobility Group Limited (stock code: 860) ("Apollo Future Mobility") dated 13 September 2021, the maturity date of the convertible bonds will be the date falling (i) the third anniversary of the issue date; or (ii) provided that the bondholder(s) has notified the company the change of maturity date in accordance with the terms of the bond instrument, the second anniversary of the issue date. For our analysis purpose, we assume the duration of the convertible bonds is three years.
2. According to the announcement of Apollo Future Mobility dated 8 September 2021, the maturity date of the convertible bonds will be the date falling (i) the third anniversary of the issue date; or (ii) provided that the bondholder(s) has notified the company the change of maturity date in accordance with the terms of the bond instrument, the second anniversary of the issue date. For our analysis purpose, we assume the duration of the convertible bonds is three years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. According to the announcement of Hua Yin International Holdings Limited (stock code: 989) (“**Hua Yin**”) dated 7 September 2021, the maturity date of the convertible bonds can be extended for another two years at the sole discretion of Hua Yin at any time during the three months prior to the original maturity date to the fifth anniversary of the date of issue of the convertible bonds. For our analysis purpose, we assume the duration of the convertible bonds is three years.
4. As the Premium/(Discount) – Last Day represented by the conversion price of the convertible bonds issued by Century Sage Scientific Holdings Limited (stock code: 1450) (“**Century Sage Scientific**”) exceeds two standard deviations from the average of those of other Comparable CBs, we consider that the conversion price of the convertible bonds issued by Century Sage Scientific is an outlier and have excluded it from our analysis for the Premium/(Discount) – Last Day represented by the Comparable CBs.
5. As the Premium/(Discount) – 5 Days represented by the conversion prices of the convertible bonds issued by Sino Vision Worldwide Holdings Limited (stock code: 8086) (“**Sino Vision**”) and Century Sage Scientific exceed two standard deviations from the average of those of other Comparable CBs, we consider that the conversion prices of the convertible bonds issued by Sino Vision and Century Sage Scientific are outliers and have excluded them from our analysis for the Premium/(Discount) – 5 Days represented by the Comparable CBs.
6. According to the announcement of Standard Chartered PLC (stock code: 2888) (“**Standard Chartered**”) dated 11 August 2021, the convertible securities bear interest in respect of the period from (and including) 19 August 2021 to (but excluding) 19 February 2029 (the “**First Reset Date**”) at a fixed rate of 4.3% per annum. Thereafter, the interest rate will be reset on each reset date, being each date falling five, or an integral multiple of five, years after the First Reset Date. For our analysis purpose, we assume the interest rate of the convertible securities is 4.3%.
7. For the purpose of illustration, the conversion price denominated in US\$, the official currency of the United States of America, has been converted into HK\$ at an exchange rate of US\$1.00=HK\$7.75 in calculating the Premium/(Discount) – Last Day and the Premium/(Discount) – 5 Days.
8. Among the Comparable CBs, we noted that the duration of the convertible bonds issued by Standard Chartered and Asiaray Media Group Limited (stock code: 1993) (altogether, the “**Perpetual CBs**”) is perpetual. For our analysis purpose, the Perpetual CBs were included in the calculation for the maximum and minimum of duration of the Comparable CBs but have been excluded from the calculation for the median and average of duration of the Comparable CBs.
9. The maturity date of the Convertible Bonds is the date falling on the third anniversary of the issue date which may, subject to agreement by the holder of the Convertible Bonds upon request by SunTrust, be extended to the date falling on the sixth anniversary of the issue date. For our analysis purpose, we assume the duration of the Convertible Bonds is three years.

(i) Duration

As mentioned in the Letter from the SA Board, the Maturity Date was determined by taking into account (i) the expected opening date of the Main Hotel Casino; (ii) the expected operating cash flows of the Main Hotel Casino; (iii) the repayment on the potential bank financing to be obtained by SunTrust; and (iv) the maturity dates of the Existing CB and Fortune Noble CB. Based on the latest construction plan, the Main Hotel Casino is expected to commence operation in 2023.

Among the Comparable CBs, we noted that the duration of the Perpetual CBs is perpetual. For our analysis purpose, the Perpetual CBs were included in the calculation for the maximum and minimum of duration of the Comparable CBs but have been excluded from the calculation for the median and average of duration of the Comparable CBs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to Table 1 above, the duration of the Comparable CBs ranged from 1 year to perpetual with an average duration of 3.2 years (without taking into consideration the Perpetual CBs). The duration of the Convertible Bonds of 3 years from the date of issue to the Maturity Date falls within the range of the duration of the Comparable CBs.

In view of the above, we consider that the duration of the Convertible Bonds is justifiable.

(ii) Interest rate

As shown in Table 1 above, the interest rates of the Comparable CBs ranged from nil to 9.0% per annum with an average interest rate of approximately 3.8% per annum. The interest rate of the Convertible Bonds of 6.0% is higher than the average of the interest rates of the Comparable CBs. Therefore, we consider that the interest rate of the Convertible Bonds is fair and reasonable and is in the interest of Summit Ascent and the SA Shareholders as a whole.

According to the terms of the Convertible Bonds, the interest payable on the outstanding principal amount of the Convertible Bonds is payable yearly in arrears accruing from the issue date of the Convertible Bonds. Accordingly, the first interest payment under the Convertible Bonds (the “**First CB Interest**”) is due in July 2023 (i.e. the first anniversary of the Expected Completion Date). Pursuant to the Letter from the SA Board, as at the Latest Practicable Date, the payment of the First CB Interest is expected to be funded by equity financing and/or debt financing. Despite the unpredictable spectrum of COVID-19 in the Philippines, the SA Group is optimistic about the timely opening of the Main Hotel Casino and discussion of financing between SunTrust and certain banks and financial institutions.

Despite the fact that the First CB Interest is expected to be received in July 2023, which is approximately 26 months from the grant of the Loan in May 2021, having considered the facts that (i) the Subscription and the Loan Variation are in the interests of Summit Ascent and the SA Shareholders as a whole (please refer to our analysis as detailed in the section headed “3. Background of, reasons for, and benefits of the entering into of the Subscription Agreement and the Loan Variation” above); (ii) based on the Relevant Projection, SunTrust would have sufficient cash to settle the interest payment in accordance with the terms of the deeds of the Convertible Bonds and the Existing CB, and redeem the Convertible Bonds and the Existing CB, if the SA Group wishes to, on their respective extended maturity dates; and (iii) as at 30 June 2021, the SA Group’s bank balances and cash amounted to approximately HK\$635.3 million, which, in the view of the SA Management, would be sufficient for maintaining the daily operation of the SA Group for the next two years, we are of the view that the deferred interest payment is acceptable to the Company.

(iii) Default interest rate

As shown in Table 1 above, only one of the Comparable CBs (which was issued by Sino Vision) has mentioned its default interest rate in the relevant announcement. The default interest rate of the convertible bonds issued by Sino Vision is 5.0%, which is lower than that of the Convertible Bonds.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, as mentioned in the Letter from the SA Board, the default interest rate of the Convertible Bonds was determined with reference to the default interest rate of the Existing CB and the Loan. The default interest rate of both of the Existing CB and the Loan is 8%, which is the same as that of the Convertible Bonds.

Having considered the above, we are of the view that the default interest rate of the Convertible Bonds is fair and reasonable and is in the interest of Summit Ascent and the SA Shareholders as a whole.

(iv) Conversion Price

As the Premium/(Discount) – Last Day represented by the conversion price of the convertible bonds issued by Century Sage Scientific exceeds two standard deviations from the average of those of other Comparable CBs, we consider that the conversion price of the convertible bonds issued by Century Sage Scientific is an outlier and have excluded it from our analysis for the Premium/(Discount) – Last Day represented by the Comparable CBs. In addition, as the Premium/(Discount) – 5 Days represented by the conversion prices of the convertible bonds issued by Sino Vision and Century Sage Scientific exceed two standard deviations from the average of those of other Comparable CBs, we consider that the conversion prices of the convertible bonds issued by Sino Vision and Century Sage Scientific are outliers and have excluded them from our analysis for the Premium/(Discount) – 5 Days represented by the Comparable CBs.

As illustrated in Table 1 above, the Premium/(Discount) – Last Day represented by the conversion prices of the Comparable CBs ranged from a discount of approximately 0.58% to a premium of approximately 69.49%, with an average of a premium of approximately 16.99% and a median of a premium of approximately 6.06%. The Premium/(Discount) – Last Day represented by the Conversion Price is a premium of approximately 6.45%, which is within the range of the Premium/(Discount) – Last Day represented by the conversion prices of the Comparable CBs.

In addition, the Premium/(Discount) – 5 Days represented by the conversion prices of the Comparable CBs ranged from nil to a premium of approximately 58.70%, with an average of a premium of approximately 14.08% and a median of a premium of approximately 8.43%. The Premium/(Discount) – 5 Days represented by the Conversion Price is a premium of approximately 3.13%, which is within the range of the Premium/(Discount) – 5 Days represented by the conversion prices of the Comparable CBs.

In view of the above, we consider that the Conversion Price is fair and reasonable so far as the Independent SA Shareholders are concerned.

(v) Conclusion

Having considered the above, we are of the view that the terms of the Convertible Bonds are fair and reasonable so far as the Independent SA Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Principal terms of the Loan Extension

According to the Letter from the SA Board, under the Loan Agreement, the maturity date of the Loan is three (3) months from the date of the disbursement of the Loan to SunTrust (i.e. 18 August 2021). The maturity date may upon application by SunTrust in writing to SA Investments be extended for successive terms of one (1) month each subject to the aggregated term as may be extended shall not be more than three (3) months (i.e. 18 November 2021) (unless SA Investments otherwise agrees to a longer period in its sole and absolute discretion), and in respect of each extension upon and subject to such terms and conditions as SA Investments may in its sole and absolute discretion impose. On 17 August 2021, 17 September 2021 and 17 October 2021, the maturity date of the Loan was extended from 18 August 2021 to 18 September 2021, from 18 September 2021 to 18 October 2021 and 18 October 2021 to 18 November 2021, respectively.

The Loan Extension is determined with reference to the expected timeline for fulfilling the Conditions Precedent of approximately ten (10) months from the date of the Subscription Agreement after taking into account (i) the publication of this circular by the end of October 2021; (ii) the holding of the SGM in mid-November 2021; (iii) obtaining the approval from the SEC in May 2022; and (iv) a two-month period for any unexpected circumstances. Taking into account the aforementioned timeline, SA Investments has agreed to extend the maturity date of the Loan to 18 July 2022 or such other date as SA Investments otherwise agrees to in its sole and absolute discretion. As advised by the SA Management, save for the extension of the maturity date of the Loan, all other terms and conditions of the Loan remain intact and unchanged. For further details of the principal terms of the Loan, please refer to the Loan Circular.

As at the Latest Practicable Date, SA Investments does not have any intention to further extend the Loan past 18 July 2022. In the event that SA Investments agrees at its sole and absolute discretion to further extend the Loan after the Loan Extension, Summit Ascent will comply with the reporting, announcement and SA Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the Loan Extension, we have compared the terms of the Loan with that of the loans provided by the companies listed on the Stock Exchange (or through its subsidiaries) to connected person(s). In view of the extension of the maturity date of the Loan for 8 months (i.e. from 18 November 2021 to 18 July 2022) and the principal amount of the Loan of US\$120 million (equivalent to HK\$930 million), we attempted to identify loans provided by the companies listed on the Stock Exchange (or through its subsidiaries) to connected person(s) which (i) the term to maturity is not more than one year; (ii) the principal amount of the loan is higher than HK\$500 million; and (iii) companies initially announced the loans during the 3-month period immediately before the date of the Announcement. Nevertheless, to the best of our knowledge and as far as we are aware of, we could not locate any loan which met the said criteria. In this regard, we have relaxed the selection criteria to all loans provided by companies listed on the Stock Exchange (or through its subsidiaries) to connected person(s) which (i) the term to maturity is not more than one year; and (ii) companies initially announced the loans during the 6-month period immediately before the date of the Announcement. To the best of our knowledge and as far as we are aware of, we have identified an exhaustive list of 12 comparable loans (the “**Comparable Loans**”) which met the said criteria and had not lapsed as at the Latest Practicable Date. We consider that a review period of six months is appropriate to capture the recent market practice in respect of the provision of loans to connected persons under the current market condition and sentiment and on the other hand, provide sufficient sample size for analysis purpose.

SA Shareholders should note that (i) the businesses, operations and prospects of Summit Ascent are not the same as the relevant listed companies providing the Comparable Loans; and (ii) the credit risk of SunTrust might not be the same as that of the borrowers of the Comparable Loans, which were not fully disclosed in the relevant announcements of the listed companies, and thus the comparison of the principal terms of the Loan with that of the Comparable Loans may not represent an identical comparison. We, however, consider that such comparison could be treated as an indication as to the fairness and reasonableness of the terms of the Loan (with the extended term to maturity). The relevant details of the Comparable Loans are set forth in Table 2 below:

Table 2: Details of the Comparable Loans (Note 1)

Date of announcement	Name of Company	Stock code	Issue size (HK\$ million)	Interest rate per annum (%)	Term to maturity (in months)
16/07/2021	Lee’s Pharmaceutical Holdings Limited	950	38.8 (Note 2)	4.00	12.0
15/07/2021	JNBY Design Limited	3306	180.0 (Note 3)	4.90	12.0
28/05/2021	Lee’s Pharmaceutical Holdings Limited	950	23.3 (Note 2)	4.00	12.0
25/05/2021	Tianjin Capital Environmental Protection Group Company Limited	1065	24.0 (Note 3)	5.00 (Note 4)	12.0

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Name of Company	Stock code	Issue size (HK\$ million)	Interest rate per annum (%)	Term to maturity (in months)
07/05/2021	China Wan Tong Yuan (Holdings) Limited	6966	120.0 (Note 3)	12.00	12.0
29/04/2021	Zhuzhou CRRC Times Electric Co., Ltd.	3898	120.0 (Note 3)	4.04	12.0
29/04/2021	China Glass Holdings Limited	3300	17.1 (Note 2)	7.00	12.0
28/04/2021	Smart-Core Holdings Limited	2166	27.1 (Note 2)	8.00	12.0
28/04/2021	Lee's Pharmaceutical Holdings Limited	950	10.0	4.00	12.0
13/04/2021	Minshang Creative Technology Holdings Limited	1632	6.0 (Note 3)	8.00	5.0
07/04/2021	Huayu Expressway Group Limited	1823	35.6 (Note 3)	12.00	3.0
26/03/2021	Lee's Pharmaceutical Holdings Limited	950	15.5 (Note 2)	4.0	12.0
		Maximum:		12.00	12.0
		Minimum:		4.00	3.0
		Median:		4.95	12.0
		Average:		6.41	10.7
	The Loan:		930.0 (Note 2)	6.00	8.0 (Note 5)

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

Notes:

1. According to the announcement of Golden Century International Holdings Group Limited (stock code: 91) (“**Golden Century**”) dated 15 September 2021, a subsidiary of Golden Century provided loans to its connected persons for the purpose of acquiring securities in initial public offerings on the Stock Exchange (the “**IPO Loans**”) for a period ranging from 6 days to 12 days. We consider that the term to maturity of the IPO Loans is too short and have excluded them from our analysis for the Comparable Loans.
2. For the purpose of illustration, the amounts denominated in US\$ have been converted into HK\$ at an exchange rate of US\$1.00=HK\$7.75.
3. For the purpose of illustration, the amounts denominated in RMB, the official currency of the PRC, have been converted into HK\$ at an exchange rate of RMB1.00=HK\$1.20.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. According to the announcement of Tianjin Capital Environmental Protection Group Company Limited (stock code: 1065) dated 25 May 2021, the interest rate for the loan is determined according to the loan prime rate for one-year loans published by the National Interbank Funding Center (“NIFC”) on the 20th day of each month on the day before the drawdown date of each loan plus 115 basis points. According to the website of the NIFC, the loan prime rate for one-year loans is 3.85% as at the Latest Practicable Date. For our analysis purpose, we assume the interest rate of the loan is 5.0% per annum (i.e. 3.85% + 1.15%).
5. The maturity date of the Loan is calculated based on the Original Maturity Date (i.e. 18 November 2021) and the Expected Completion Date (i.e. 18 July 2022).

(i) Interest rate

As shown in Table 2 above, the interest rates of the Comparable Loans range from 4.00% to 12.00%, with a median of approximately 4.95% and an average of approximately 6.41%. The interest rate of the Loan of 6.00% is within the range and higher than the median of the interest rates of the Comparable Loans.

(ii) Term to maturity

In view of the facts that (i) SunTrust is unlikely to complete the funding application processes for a loan drawdown to settle the Indebted Amount in the short term, in particular by the Original Maturity Date (i.e. 18 November 2021); (ii) a default of the Loan by SunTrust would severely hinder the development of the Main Hotel Casino and would, in turn, adversely affect the fair value of the Existing CB and the interest of the SA Group as a whole; (iii) under the Subscription Agreement, the Expected Completion Date is 18 July 2022; and (iv) the benefit of the Subscription as detailed in the sections headed “3. Background of, reasons for, and benefits of the entering into of the Subscription Agreement and the Loan Variation” above, we are of the view that the extension of the maturity date of the Loan for 8 months is fair and reasonable and in the interests of Summit Ascent and the SA Shareholders as a whole.

(iii) Conclusion

Having considered the above, we are of the view that the terms of the Loan Extension are fair and reasonable so far as the Independent SA Shareholders are concerned and the Loan Extension is in the interests of Summit Ascent and the SA Shareholders as a whole.

6. Financial effects of the Subscription

(i) Effect on liquidity

Since the subscription amount (the “**Subscription Monies**”) payable by SA Investments under the Subscription Agreement shall be set-off by the Indebted Amount, there will be no cash outflow from Summit Ascent upon Completion as a result of the Subscription. Therefore, the Subscription will not have material effect on the SA Group’s cash position.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Effect on earnings

Given that the Convertible Bonds bears interest at a rate of 6% per annum, the Convertible Bonds will generate interest income of approximately PHP1,152.0 million (equivalent to approximately HK\$184.2 million) (assuming that Completion will take place on 18 July 2022) to Summit Ascent, subject to withholding tax payable of approximately PHP230.4 million (equivalent to approximately HK\$36.8 million), for a period of three years. As such, the entering into of the Subscription Agreement is expected to have a positive impact on the financial performance of the SA Group.

(iii) Effect on the net assets

It is expected that upon Completion, the item “short term loan to a fellow subsidiary” in the amount of the Indebted Amount under the current assets of the SA Group will be de-recognised, while the item “derivative financial instrument” under the non-current assets of the SA Group will be recognised.

The fair value of the Convertible Bonds to be recognised will be subject to the valuation from the independent valuer and the review of the independent auditors of Summit Ascent in the SA Group’s subsequent financial statements.

OPINION

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

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan **Rebecca Mak**
Managing Director *Director*

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

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

APPENDIX I FINANCIAL INFORMATION OF THE SA GROUP

1. FINANCIAL SUMMARY OF THE SA GROUP

Details of (i) the unaudited consolidated financial information of the SA Group for the six months ended 30 June 2021 and (ii) to (iv) the audited consolidated financial information of the SA Group for the years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of Summit Ascent (<http://www.saholdings.com.hk>).

- (i) The unaudited financial information of the SA Group for the six months ended 30 June 2021 is disclosed in the interim report of Summit Ascent for the six months ended 30 June 2021 published on 15 September 2021, from pages 16 to 33;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0915/2021091500740.pdf>

- (ii) The audited financial information of the SA Group for the year ended 31 December 2020 is disclosed in the annual report of Summit Ascent for the year ended 31 December 2020 published on 22 April 2021, from pages 75 to 152;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200705.pdf>

- (iii) The audited financial information of the SA Group for the year ended 31 December 2019 is disclosed in the annual report of Summit Ascent for the year ended 31 December 2019 published on 22 April 2020, from pages 66 to 140;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0422/2020042200696.pdf>

- (iv) The audited financial information of the SA Group for the year ended 31 December 2018 is disclosed in the annual report of Summit Ascent for the year ended 31 December 2018 published on 29 April 2019, from pages 58 to 126;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltm201904291146.pdf>

2. STATEMENT OF INDEBTEDNESS

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

As at 31 August 2021, the SA Group had outstanding lease liabilities in respect of leasehold land and buildings of approximately HK\$5,515,000 comprising (i) secured and unguaranteed lease liabilities of approximately HK\$1,411,000, which were secured by rental deposits paid by the SA Group; and (ii) unsecured and unguaranteed lease liabilities of approximately HK\$4,104,000.

APPENDIX I FINANCIAL INFORMATION OF THE SA GROUP

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

3. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the SA Directors were not aware of any material adverse change in the financial or trading positions of the SA Group since 31 December 2020, being the date of which the latest published audited financial statements of Summit Ascent have been made up to.

4. SUFFICIENCY OF WORKING CAPITAL

The SA Directors are of the opinion that, after taking into account the present financial resources available to the SA Group including but not limited to loans from non-controlling shareholders of a subsidiary of the SA Group, revenue generated by its principal businesses and cash and cash equivalents on hand, the working capital available to the SA Group is sufficient for the SA Group's requirements for at least twelve months from the date of publication of this circular. The SA Directors confirm that requirements under Rule 14.66(12) have been complied with.

5. FINANCIAL AND TRADING PROSPECT

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

The COVID-19 pandemic continues to be the most prevalent uncertainty in the business operating environment of the SA Group. Accordingly, the SA Group adopted a more pragmatic business strategy to control costs across the board, of which certain temporary cost saving measures implemented have become permanent efficiency boosters. Under the COVID-19 pandemic, even with zero foreign tourists, Tigre de Cristal was already able to generate a positive EBITDA and cash flow from operating activities for the six-month period ended 30 June 2021 solely from the local Russian mass and slots businesses, which acts as downside protection for the SA Group. The SA Group has a strong balance sheet, solid cash reserves and no interest-bearing borrowings. SA Group's cash reserves on the balance sheet offers flexibility for the SA Group to simultaneously develop for growth while also sustain through the COVID-19 pandemic.

APPENDIX I FINANCIAL INFORMATION OF THE SA GROUP

The main growth drivers of Tigre de Cristal are ready to be deployed at full capacity. The brand-new Suncity Premium Club and the hot pot restaurant are now fully operational, pending border reopening for full utilisation. In the short run, while the SA Group's operating expenses can be sustained through continued operations supported by the local Russian mass and slots businesses, growth in premium mass and business from the Suncity Premium Club will depend heavily on border policies because of these two segments reliance on foreign tourism. As the global vaccination rate steadily climbs and infection rates steadily decrease, the SA Directors are optimistic on the timely scale back of global quarantine and border control measures allowing for more open border and travel policies.

In addition, international flights to the Vladivostok International Airport are resuming from 2021 onwards from places such as Seoul and Tokyo. Although the number of tourists arriving at Vladivostok is currently relatively low due to existing quarantine measures, the SA Directors are confident in the overall long-term appeal of the IEZ Primorye. Together with the recent and would-be openings of new integrated resorts in the IEZ Primorye, the cluster effect can draw more tourists and turn the area into an increasingly popular leisure destination. The uncertainty in land-based gaming developments in Japan also poses an opportunity for the IEZ Primorye to fill this gap as it is only a short flight away for Japanese tourists.

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

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

SA Directors' and chief executive's interests in Summit Ascent or its associated corporations

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

Long positions in the SA Shares and/or the underlying SA Shares

Name of SA Director	Capacity/nature of interest	Number of SA Shares held	Number of underlying SA Shares held under equity derivatives	Total	Percentage of the issued share capital of Summit Ascent (Note 1)
Mr. Chau Cheok Wa ("Mr. Chau")	Interest of controlled corporations	3,141,561,811 (Note 2)	–	3,141,561,811	69.66%
Dr. U Chio Ieong	Beneficial owner	40,906,000	–	40,906,000	0.90%
Mr. Lo Kai Bong ("Mr. Lo")	Interest of controlled corporations	4,972,000 (Note 3)	–	4,972,000	0.11%
Mr. Li Chak Hung	Beneficial owner	400,000	937,500 (Note 4)	1,337,500	0.02%
Mr. Lau Yau Cheung	Beneficial owner	–	937,500 (Note 4)	937,500	0.02%

Notes:

1. The percentage has been calculated based on the total number of SA Shares of Summit Ascent in issue as at the Latest Practicable Date (i.e. 4,509,444,590 SA Shares).
2. These SA Shares are held by the controlled corporations of Mr. Chau, namely, (a) Suncity, which holds 123,255,000 SA Shares, in which Mr. Chau has 50% interest and Mr. Cheng Ting Kong (“**Mr. Cheng**”) has 50% interest; and (b) Victor Sky Holdings Limited (“**Victor Sky**”), which holds 3,018,306,811 SA Shares, in which Suncity has 100% interest. By virtue of the SFO, Mr. Chau is deemed to be interested in all these SA Shares in which Suncity and Victor Sky are interested.
3. These SA Shares are held by Mr. Lo through Ever Smart Capital Limited and Better Linkage Limited, which are wholly and beneficially owned by Mr. Lo.
4. All underlying SA Shares are share options granted by Summit Ascent on 13 December 2018 under the share options scheme of Summit Ascent at the exercise price of HK\$1.050 per SA Share.

Interests of substantial SA Shareholders

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

Long positions in the SA Shares and/or the underlying SA Shares

Name	Capacity/nature of interest	Number of SA Shares held	Percentage of the issued share capital of Summit Ascent <i>(Note 1)</i>
Suncity	Beneficial owner	123,255,000	2.73%
	Interest of controlled corporations <i>(Note 2)</i>	3,018,306,811	66.93%
		3,141,561,811	69.66%
Victor Sky	Beneficial owner	3,018,306,811	66.93%
Fame Select Limited (“ Fame Select ”)	Interest of controlled corporations <i>(Note 2)</i>	3,141,561,811	69.66%
Mr. Cheng	Interest of controlled corporations <i>(Note 2)</i>	3,141,561,811	69.66%

Notes:

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

2. Suncity, of which both Mr. Chau and Mr. Lo are directors, is the beneficial owner of 123,255,000 SA Shares and is also interested in 3,018,306,811 SA Shares through its wholly-owned subsidiary, Victor Sky, of which Mr. Chau is a director. As at the Latest Practicable Date, Suncity was 74.85% owned by Fame Select, of which Mr. Chau is a director, which in turn owned as to 50% by Mr. Chau and 50% by Mr. Cheng. By virtue of the SFO, Mr. Chau, Mr. Cheng and Fame Select are deemed to be interested in 3,141,561,811 SA Shares in which Suncity and Victor Sky are interested.

3. COMPETING INTEREST

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

4. QUALIFICATION AND CONSENT OF EXPERT

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

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

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

5. SA DIRECTORS' SERVICE CONTRACTS

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

6. SA DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT

On 23 February 2021, SunTrust as borrower entered into the Loan Agreement with SA Investments as lender, pursuant to which SA investments shall conditionally provide the Loan (i.e. in the principal amount of US\$120,000,000 (equivalent to HK\$930,000,000)) to SunTrust. As at the Latest Practicable Date, (i) SunTrust is a subsidiary of Suncity; (ii) Mr. Chau is the controlling shareholder and a common director of Suncity and Summit Ascent; (iii) Mr. Lo is a common director of Suncity, Summit Ascent and SunTrust and (iv) Mr. Chua Ming Huat David is a common director of Summit Ascent and SunTrust. Accordingly, Mr. Chau, Mr. Lo and Mr. Chua Ming Huat David are deemed to have a material interest in the Loan Agreement.

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

7. MATERIAL CONTRACTS

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

- (1) the underwriting agreement entered into between Summit Ascent and Victor Sky as underwriter on 1 June 2020 (as supplemented by an extension letter dated 12 August 2020) in relation to the underwriting arrangement in respect of the Rights Issue at a subscription price of HK\$0.6 per rights share under the Rights Issue under which no underwriting commission was required to be paid by Summit Ascent to the underwriter;
- (2) the placing agreement dated 1 June 2020 (as supplemented by an extension letter dated 12 August 2020) and entered into between Summit Ascent and Merdeka Securities Limited as placing agent in relation to the placing of unsubscribed rights shares under the Rights Issue by Merdeka Securities Limited to independent placees on a best effort basis at a placing commission of the higher of HK\$150,000 or 1.5% of the gross proceeds from the placing;
- (3) the subscription agreement dated 1 June 2020 (as supplemented by an extension letter dated 11 September 2020) and entered into between SunTrust (as issuer) and SA Investments (as subscriber) in relation to the subscription and issue of the Existing CB in the principal amount of PHP5.6 billion;

- (4) the conditional agreement for sale and purchase dated 30 October 2020 entered into between Sharp Way Group Limited (“**Sharp Way**”) as vendor, Summit Ascent Russia Limited (“**SA Russia**”) as purchaser and Summit Ascent in relation to the acquisition by SA Russia from Sharp Way of 3,500 shares of Oriental Regent Limited (“**ORL**”) and US\$1,892,275 shareholder’s loan to ORL at the consideration of US\$3,000,000 (equivalent to HK\$23,250,000) satisfied by the zero coupon convertible bonds in the aggregate principal amount of US\$3,000,000 convertible into SA Shares at an initial conversion price of HK\$3.5 per Share for a term of 5 years from the date of their issue by Summit Ascent to Sharp Way;
- (5) the conditional agreement for sale and purchase dated 30 October 2020 entered into between Joyful Happiness Limited (“**Joyful**”) as vendor and SA Russia as purchaser in relation to the acquisition by SA Russia from Joyful of 7,000 shares of ORL and US\$3,784,550 shareholder’s loan to ORL at the consideration of US\$5,382,758 (equivalent to HK\$41,716,375);
- (6) the conditional subscription agreement dated 16 November 2020 entered into between ORL, SA Russia and Firich Investment Limited (“**Firich**”) as subscribers in relation to the subscription of 234,755 new shares of ORL by SA Russia and 49,938 shares of ORL by Firich at the subscription price of US\$53,598,293 (equivalent to HK\$415,386,771) payable by SA Russia and US\$11,401,707 (equivalent to HK\$88,363,229) payable by Firich, respectively; and
- (7) the conditional Loan Agreement dated 23 February 2021 entered into between SA Investments as lender and SunTrust as borrower in relation to the provision of the Loan in the principal amount of US\$120 million (equivalent to approximately HK\$930 million).

8. LITIGATION

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

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and Summit Ascent (<https://www.saholdings.com.hk>) from the date of this circular up to and including 14 days (except public holidays):

- (a) the Loan Agreement;
- (b) the Subscription Agreement;
- (c) the letter from the Independent SA Board Committee, the text of which is set out on page 34 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 35 to 65 of this circular; and
- (e) the written consent referred to in the paragraph 4 of this Appendix.

10. MISCELLANEOUS

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

NOTICE OF SGM



SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 102)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“**SGM**”) of Summit Ascent Holdings Limited (the “**Company**”) will be held at Jade Rooms V–VII, Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 16 November 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company (unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 26 October 2021 (the “**Circular**”)):

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) the Loan Extension and the entering into of the Subscription Agreement (a copy of the Subscription Agreement having been produced to the SGM and marked “A” and initialed by the chairman of the SGM for the purpose of identification) insofar as relating to the Loan Extension be and are hereby authorised and approved; and
- (b) the SA Directors be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary and desirable or expedient to carry out and implement the Loan Extension into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the SA Directors in the interests of the Company and its shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Subscription Agreement insofar as relating to the Loan Extension.”

2. **“THAT**

- (a) the entering into of the Subscription Agreement insofar as relating to the Subscription, the Loan-Set Off and the other related transactions contemplated thereunder be and are hereby authorised and approved; and

NOTICE OF SGM

- (b) the SA Directors be are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary and desirable or expedient to carry out and implement the Subscription Agreement insofar as relating to the Subscription, the Loan-Set Off and the other related transactions contemplated thereunder into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the SA Directors in the interests of the Company and its shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Subscription Agreement.”

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

Hong Kong, 26 October 2021

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:

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

Notes:

- (1) Any member entitled to attend and vote at the SGM is entitled to appoint one or if he is the holder of two or more shares, more than one proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited with the share registrars of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the SGM or any adjourned meeting thereof (as the case may be).
- (4) The register of members of the Company will be closed from Thursday, 11 November 2021 to Tuesday, 16 November 2021 (both days inclusive) to determine the entitlement to attend and vote at the SGM. During such period, no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 10 November 2021 for registration.

NOTICE OF SGM

PRECAUTIONARY MEASURES FOR THE SGM

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

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

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