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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this Prospectus 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 (the “Company”), you should at once hand the Prospectus Documents 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 transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “14. Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The securities described herein have not been registered under the US Securities Act or the laws of any state in the USA and may not be offered or sold within the USA, absent registration or an exemption from the registration requirements of the US Securities Act and applicable US state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the USA or to conduct a public offering of securities in the USA. Any failure to comply with this restriction may constitute a violation of US securities laws. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in the USA or any other jurisdiction in which such an offer or solicitation is unlawful. Except as otherwise set out in this Prospectus, the Rights Issue is not being extended to Shareholders with registered addresses in, or investors who are located or resident in any jurisdictions outside Hong Kong. This Prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.



### SUMMIT ASCENT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 102)**

## PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Financial adviser to the Company



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

It should be noted that the Shares have been dealt in on an ex-rights basis from Wednesday, 9 September 2020. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 22 September 2020 to Tuesday, 29 September 2020 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Tuesday, 22 September 2020 to Tuesday, 29 September 2020 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Rights Issue having become unconditional and the Underwriter not having terminated or rescinded (as the case may be) the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” of this Prospectus). Accordingly, the Rights Issue may or may not proceed.**

The latest date and time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Tuesday, 6 October 2020. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 22 to 23 of this Prospectus.

18 September 2020

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## EXPECTED TIMETABLE

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*The expected timetable for the Rights Issue is set out below. The expected timetable is indicative only and may be subject to change, and any such change will be announced in announcement by the Company as and when appropriate.*

**All time and date references contained in this Prospectus shall refer to Hong Kong local times and dates.**

| <b>Event</b>   | <b>2020</b>                                |
|--|--|
| First day of dealings in nil-paid Rights Shares . . . . .  | 9:00 a.m. on<br>Tuesday, 22 September      |
| Latest time for splitting of nil-paid Rights Shares . . . . .  | 4:30 p.m. on<br>Thursday, 24 September     |
| Last day of dealings in nil-paid Rights Shares. . . . .  | 4:00 p.m. on<br>Tuesday, 29 September      |
| <b>Latest time for holders of nil-paid Rights Shares in order<br/>to qualify for the Compensatory Arrangements. . . . .</b>  | <b>4:00 p.m. on<br/>Tuesday, 6 October</b> |
| <b>Latest Time for Acceptance of and payment for the Rights Shares . . . . .</b>   | <b>4:00 p.m. on<br/>Tuesday, 6 October</b> |
| Latest time for termination of the Underwriting Agreement and<br>for the Rights Issue to become unconditional. . . . .   | 4:00 p.m. on<br>Wednesday, 7 October       |
| Announcement of the number of Unsubscribed Rights Shares<br>subject to the Compensatory Arrangements and<br>the NQS Unsold Rights Shares . . . . .   | Friday, 9 October                          |
| Commencement of placing of Unsubscribed Rights Shares and<br>the NQS Unsold Rights Shares by the Placing Agent. . . . .  | Friday, 9 October                          |
| Latest time of placing of the Unsubscribed Rights Shares and<br>the NQS Unsold Rights Shares by the Placing Agent . . . . .  | Tuesday, 13 October                        |
| Announcement of results of the Rights Issue<br>(including results of the placing of Unsubscribed Rights Shares and<br>the NQS Unsold Rights Shares and the amount of the Net Gain per<br>Unsubscribed Rights Shares under the Compensatory Arrangements<br>and the NQS Unsold Rights Shares) . . . . . | Wednesday, 14 October                      |
| Refund cheques, if any, to be despatched<br>(if the Rights Issue is terminated) on or before . . . . .   | Thursday, 15 October                       |
| Despatch of certificates for fully-paid Rights Shares, refund cheques<br>(if any) and completion of Placing to take place on or before. . . . .  | Thursday, 15 October                       |

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## EXPECTED TIMETABLE

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| Event  | 2020                               |
|--|------------------------------------|
| Last day for trading of the Shares in board lots of 2,000 Shares each in original counter. . . . .               | Thursday, 15 October               |
| Dealings in fully-paid Rights Shares commence . . . . .  | 9:00 a.m. on<br>Friday, 16 October |
| Effective date of change in board lot size from<br>2,000 Shares to 4,000 Shares . . . . .                        | 9:00 a.m. on<br>Friday, 16 October |
| Designated broker starts to stand in the market to<br>provide matching services for odd lots of Shares . . . . . | 9:00 a.m. on<br>Friday, 16 October |
| Payment of Net Gain to relevant No Action Shareholders (if any). . . . .   | Wednesday, 28 October              |
| Designated broker ceases to stand in the market to<br>provide matching services for odd lots of Shares . . . . . | Friday, 6 November                 |

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

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION**

The Latest Time for Acceptance and payment for the Rights Shares will be postponed if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- a. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- b. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance and payment for the Rights Shares are postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made as soon as practicable by the Company in such event.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following expressions have the meanings as set out below:*

|                            |   |
|----------------------------|---|
| “acting in concert”        | has the meaning ascribed to it under the Takeovers Code   |
| “Announcement”             | the announcement of the Company dated 1 June 2020 in relation to, among other things, the proposed Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription and the Increase in Authorised Share Capital  |
| “associate(s)”             | has the meaning ascribed thereto under the Listing Rules  |
| “Board”                    | the board of Directors  |
| “Business Day”             | a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 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 |
| “CCASS”                    | the Central Clearing and Settlement System established and operated by HKSCC  |
| “Chairman”                 | chairman of the Board   |
| “Change in Board Lot Size” | the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 4,000 Shares   |
| “Circular”                 | the circular of the Company dated 14 August 2020 (as supplemented by the clarification announcements of the Company dated 18 August 2020 and 26 August 2020) in relation to, among other things, the proposed Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription and the Increase in Authorised Share Capital   |
| “Committed Shareholders”   | collectively,<br><br>(a) Victor Sky; and<br><br>(b) Suncity   |

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## DEFINITIONS

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|-----------------------------|--|
| “Committed Shares”          | an aggregate of 669,462,696 Rights Shares to be offered to and subscribed by the Committed Shareholders under their respective entitlements as set out in the PAL pursuant to the Rights Issue and the Irrevocable Undertaking in respect of an aggregate of 446,308,464 Shares registered in their names as at the Latest Practicable Date  |
| “Company”                   | Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, and the Shares are listed on the Main Board of the Stock Exchange (stock code: 102)  |
| “Compensatory Arrangements” | placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules   |
| “Concert Group”             | Victor Sky, Suncity and their ultimate beneficial owners and parties acting in concert (as defined in the Takeovers Code) with each of them including Dr. U Chio Jeong, a non-executive Director   |
| “connected person”          | has the meaning ascribed to it under the Listing Rules   |
| “Convertible Bonds”         | the 6.0% coupon rate convertible bonds in the aggregate principal amount of up to PHP5.6 billion (equivalent to approximately HK\$847 million) convertible into shares of SunTrust at an initial conversion price of PHP1.8 per conversion share for an initial term of 5 years from the date of their issue extendable for a further term of 5 years to be issued by SunTrust to the Company pursuant to the Subscription Agreement |
| “COVID-19”                  | the coronavirus disease occurred since 2019 which is an infectious disease caused by severe acute respiratory syndrome coronavirus   |
| “Director(s)”               | director(s) of the Company   |
| “Executive”                 | the Executive Director of the Corporate Finance Division of the SFC or any of its delegate(s)  |
| “Group”                     | the Company and its subsidiaries   |
| “HK\$”                      | Hong Kong dollar, the lawful currency of Hong Kong   |
| “HKSCC”                     | Hong Kong Securities Clearing Company Limited  |

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## DEFINITIONS

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| “Hong Kong”                            | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Increase in Authorised Share Capital” | the proposed increase in the authorised share capital of the Company from HK\$80,000,000 divided into 3,200,000,000 Shares to HK\$150,000,000 divided into 6,000,000,000 Shares  |
| “Independent Shareholders”             | the Shareholders other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; (ii) members of the Concert Group; and (iii) any Shareholders who are involved in, or interested in, or have a material interest in the Subscription, the Underwriting Agreement, the Rights Issue and/or the Whitewash Waiver, who are required under the Listing Rules and the Takeovers Code (as the case may be) to abstain from voting at the SGM |
| “Independent Third Party”              | a third party independent of and not connected with the Company and any connected person of the Company and is itself not a connected person of the Company  |
| “Irrevocable Undertaking”              | the irrevocable undertaking dated 1 June 2020 executed by the Committed Shareholders in favour of the Company and the Underwriter, the details of which are set out in “RIGHTS ISSUE – Irrevocable Undertaking” in the Letter from the Board in this Prospectus  |
| “Last Trading Day”                     | 1 June 2020, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement   |
| “Latest Placing Date”                  | Tuesday, 13 October 2020 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares   |
| “Latest Placing Time”                  | 5:00 p.m. on the Latest Placing Date   |
| “Latest Practicable Date”              | Monday, 14 September 2020, being the latest practicable date prior to the publication of this Prospectus for ascertaining certain information contained in this Prospectus   |

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## DEFINITIONS

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| “Latest Time for Acceptance”  | 4:00 p.m. on Tuesday, 6 October 2020 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be extended to the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. |
| “Latest Time for Termination” | 4:00 p.m. on the first Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter   |
| “Listing Committee”           | has the meaning ascribed to it under the Listing Rules  |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Main Hotel Casino”           | (a) the 5-Star hotel with at least four hundred (400) rooms, the standard room size of which shall not be less than 34 sq.m.; (b) casino establishment with approximately four hundred (400) gaming tables and one thousand two hundred (1,200) slot machines for both mass and VIP markets; and (c) nine hundred sixty (960) car parking slots for the 5-Star hotel and casino establishment erected or to be erected at the three parcels of land located at Manila Bayshore Integrated City (Site A) in Paranaque City, the Philippines  |
| “Mr. Chau”                    | Mr. Chau Cheok Wa, the Chairman and a non-executive Director of the Company   |
| “Mr. Lo”                      | Mr. Lo Kai Bong, an executive Director and Deputy Chairman of the Company   |
| “Net Gain”                    | the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)  |



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## DEFINITIONS

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| “No Action Shareholders”        | Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholders in respect of NQS Unsold Rights Shares)   |
| “Non-Qualifying Shareholder(s)” | those Overseas Shareholder(s) whom the Directors, based on advice provided by legal advisers in the relevant jurisdictions, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place   |
| “NQS Unsold Rights Share(s)”    | the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company  |
| “Option Holders’ Undertakings”  | Mr. Lau Yau Cheung and Mr. Li Chak Hung, each an independent non-executive Director, whereby each of them irrevocably undertakes to the Company and the Underwriter not to exercise the Share Options held by each of them from the date of the undertaking to and up to the date of completion of the Rights Issue or, where applicable, date of lapse of the Rights Issue  |
| “Overseas Shareholder(s)”       | Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is/are outside Hong Kong  |
| “PAL(s)”                        | the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue   |
| “PHP”                           | Philippine peso, the lawful currency for the time being of the Philippines and when translated, for ease of reference and unless otherwise specified, each HK\$ amount stated in this Prospectus was translated at the exchange rate of HK\$1.0 to PHP6.6142 which is the same conversion rate used in the Announcement (As at the Latest Practicable Date, it is noted that the exchange rate for the conversion has become HK\$1.0 to PHP6.2583) |

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## DEFINITIONS

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|---------------------------|---|
| “Placees”                 | any individual, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) nor a party acting in concert with the Concert Group, and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement |
| “Placing”                 | the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and subject to the conditions of the Placing Agreement   |
| “Placing Agent”           | Merdeka Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 7.21(1)(b) of the Listing Rules  |
| “Placing Agreement”       | the placing agreement dated 1 June 2020 (as supplemented by an extension letter dated 12 August 2020) and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis  |
| “Placing Period”          | the period commencing from the third Business Day after the Latest Time for Acceptance, which is expected to be Tuesday, 6 October 2020, and ending at the Latest Placing Time  |
| “PRC”                     | the People’s Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan  |
| “Prospectus”              | this prospectus containing details of the Rights Issue  |
| “Prospectus Documents”    | the Prospectus and the PAL  |
| “Prospectus Posting Date” | Friday, 18 September 2020 or such other date as may be determined by the Company for the despatch of the Prospectus Documents   |
| “PSE”                     | the Philippine Stock Exchange Inc.  |

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## DEFINITIONS

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| “Qualifying Shareholder(s)” | Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)  |
| “Record Date”               | Thursday, 17 September 2020, being the date for determining entitlements of Shareholders to participate in the Rights Issue  |
| “Registrar”                 | the branch share registrar of the Company, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong  |
| “Rights Issue”              | the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date at the Subscription Price payable in full on acceptance pursuant to the Prospectus Documents |
| “Rights Share(s)”           | 2,705,666,754 new Shares proposed to be allotted and issued under the Rights Issue   |
| “RUB”                       | Russian ruble, the lawful currency for the time being of the Russian Federation  |
| “SFC”                       | the Securities and Futures Commission of Hong Kong   |
| “SFO”                       | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “SGM”                       | the special general meeting of the Company held on 7 September 2020 approving, among others, the Subscription, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Increase in Authorised Share Capital                 |
| “Share Option Scheme”       | the share option scheme adopted by the Company on 7 July 2011  |
| “Share Options”             | share options granted by the Company to subscribe for Shares pursuant to the Share Option Scheme   |
| “Share(s)”                  | ordinary shares of par value of HK\$0.025 each in the issued and unissued share capital of the Company   |
| “Shareholder(s)”            | the holder(s) of the issued Shares   |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited  |

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## DEFINITIONS

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|------------------------------|--|
| “Subscriber”                 | Summit Ascent Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company   |
| “Subscription”               | the proposed subscription for the Convertible Bonds by the Subscriber pursuant to the terms and conditions of the Subscription Agreement   |
| “Subscription Agreement”     | the agreement dated 1 June 2020 (as supplemented by an extension letter dated 11 September 2020) and entered into between SunTrust and the Subscriber in relation to the subscription and issue of the Convertible Bonds   |
| “Subscription Price”         | the subscription price of HK\$0.6 per Rights Share under the Rights Issue  |
| “substantial Shareholder”    | has the meaning ascribed to it under the Listing Rules   |
| “Suncity”                    | Suncity Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1383)   |
| “SunTrust”                   | Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on the PSE (stock code: SUN) and is 51% owned by Suncity   |
| “Takeovers Code”             | the Hong Kong Code on Takeovers and Mergers  |
| “Underwriting Agreement”     | the underwriting agreement entered into between the Company and the 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  |
| “Underwritten Shares”        | the Rights Shares (other than the Committed Shares) up to 2,036,204,058 Rights Shares to be underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement on the basis that no new Shares were issued (including none was issued under the Share Options) and no buyback of Shares was made from the date of the Announcement up to and including the Record Date |
| “Unsubscribed Rights Shares” | Rights Shares that are not subscribed by the Qualifying Shareholders which do not include the Committed Shares   |
| “USA” or “US”                | the United States of America   |

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## DEFINITIONS

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|-------------------------------|---|
| “US\$”                        | United States dollars, the lawful currency for the time being of the USA and when translated, each HK\$ amount stated in this Prospectus was translated at the exchange rate of US\$1.0 to HK\$7.75   |
| “Victor Sky” or “Underwriter” | Victor Sky Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company and the Underwriter, which in turn is a wholly-owned subsidiary of Suncity  |
| “Whitewash Waiver”            | a waiver granted by the Executive on 31 August 2020 pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it as a result of the taking up of the Unsubscribed Rights Shares, the NQS Unsold Rights Shares and the unsold fraction of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement |
| “%”                           | per cent  |

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

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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

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

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

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

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

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

**A further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.**

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## LETTER FROM THE BOARD

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### SUMMIT ASCENT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 102)**

*Executive Directors:*

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

*Non-executive Directors:*

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

*Independent non-executive Directors:*

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

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal Place of Business in Hong Kong:*

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

18 September 2020

*To the Qualifying Shareholders and, for information only,  
the Non-Qualifying Shareholders*

Dear Sir or Madam,

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

#### **INTRODUCTION**

Reference is made to the Announcement and the Circular in relation to, among other things, the Rights Issue. Subject to, among other conditions, the approval by the Independent Shareholders which was obtained at the SGM, the Board proposed to raise not less than approximately HK\$1,623.40 million before expenses by the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.6 per Rights Share.

The purpose of this Prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares and certain financial and other information in respect of the Group.

At the SGM convened and held at 3:00 p.m. on Monday, 7 September 2020, the necessary resolutions for approving, among other things, (i) the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, and the Subscription were duly passed by the Independent Shareholders; and (ii) the Increase in Authorised Share Capital was duly passed by the Shareholders and became effective on 7 September 2020.

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## LETTER FROM THE BOARD

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Pursuant to the Underwriting Agreement, the Underwritten Shares were fully underwritten by the Underwriter on the terms and subject to the conditions set out therein.

### RIGHTS ISSUE

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

#### Issue statistics

|  |   |   |
|--|---|---|
| Basis of the Rights Issue  | : | Three (3) Rights Shares for every two (2) existing Shares held at the close of business on the Record Date  |
| Subscription Price   | : | HK\$0.6 per Rights Share  |
| Number of Shares in issue as at the Latest Practicable Date                        | : | 1,803,777,836 Shares  |
| Number of Rights Shares to be issued   | : | 2,705,666,754 new Shares  |
| Amount to be raised before expenses  | : | Approximately HK\$1,623.40 million  |
| Aggregate nominal value of the Rights Shares                                       | : | Approximately HK\$67.64 million   |
| Number of Rights Shares underwritten by the Underwriter                            | : | Up to 2,036,204,058 Rights Shares on the basis that no new Shares were issued (including none was issued under the Share Options) and no buyback of Shares was made from the date of the Announcement up to and including the Record Date |
| Enlarged number of Shares in issue immediately upon completion of the Rights Issue | : | 4,509,444,590 Shares  |

As at the Record Date and the Latest Practicable Date, there are outstanding Share Options carrying the right to subscribe for a total number of 22,334,000 Shares under the Share Option Scheme, of which 7,104,000 Share Options are divided into 2 tranches exercisable from 1 September 2016 and 1 September 2017 respectively to 31 August 2021 (both days inclusive) at an exercise price of HK\$1.99 per Share and 15,230,000 Share Options are exercisable from 13 December 2018 to 12 December 2023 (both days inclusive) at an exercise price of HK\$0.98 per Share. Save as disclosed above, as at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.



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## LETTER FROM THE BOARD

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### Subscription Price

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

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

The Subscription Price:

- (i) represents a premium of approximately 11.11% over the closing price of HK\$0.540 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) is equivalent to the closing price of HK\$0.600 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) represents a premium of approximately 0.67% over the average of the closing price of approximately HK\$0.596 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) represents a discount of approximately 1.48% to the average of the closing price of approximately HK\$0.609 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) is equivalent to the theoretical ex-rights price of HK\$0.600 per Share based on the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) represents a discount of approximately 34.21% to the audited consolidated net asset value per Share of approximately HK\$0.912 based on the published audited equity attributable to owners of the Company of approximately HK\$1,644.39 million as at 31 December 2019 as extracted from the annual report of the Company for the year ended 31 December 2019 and the issued share capital of the Company of 1,803,777,836 Shares as at the Latest Practicable Date;
- (vii) represents a discount of approximately 32.28% to the unaudited consolidated net asset value per Share of approximately HK\$0.886 based on the published unaudited equity attributable to owners of the Company of approximately HK\$1,597.41 million as at 30 June 2020 as extracted from the interim results announcement of the Company for the six months ended 30 June 2020 and the issued share capital of the Company of 1,803,777,836 Shares as at the Latest Practicable Date; and

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## LETTER FROM THE BOARD

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(viii) represents a discount of approximately 32.66% to the adjusted unaudited consolidated net asset value per Share of approximately HK\$0.891 based on the published unaudited equity attributable to owners of the Company of approximately HK\$1,597.41 million as at 30 June 2020 as extracted from the interim results announcement of the Company for the six months ended 30 June 2020 of the Company and adjusted upward by the valuation of the property interests held by the Company attributable to owners of the Company of approximately HK\$9.07 million (a comparison between the Group's property interests with a book value of approximately HK\$829.53 million as at 30 June 2020 and the valuation of the property interests as at the valuation date of RUB7,749,000,000 (equivalent to HK\$844,641,000), an adjustment upward by the valuation of the property interests held by the Company attributable to owners of the Company of approximately HK\$9.07 million on the net asset value of the Group as at 30 June 2020 (i.e. 60% equity interest held by the Company on the difference between net book value and appraised value of approximately HK\$15.11 million)).

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

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

The Directors noted the Shares have been traded at a general downward trend during the period from 2 December 2019 to the Last Trading Day (up to 1 June 2020) (the "**Review Period**") which the Directors considered that the Review Period is an appropriate benchmark to reflect the prevailing market conditions and recent market sentiment. Considering the Shares have been trading on the Stock Exchange in the price range between HK\$0.50 and HK\$1.11 with an average of HK\$0.81 during the Review Period, the Subscription Price of HK\$0.6 represents (i) a premium of approximately 20.00% to the lowest closing price of the Shares of approximately HK\$0.50; (ii) a discount of approximately 45.95% to the highest closing price of the Shares of approximately HK\$1.11; and (iii) a discount of approximately 25.93% to the average closing price of the Shares of approximately HK\$0.81. As compared to the average closing price of the Shares during the Review Period, the Directors consider that a discount of 25.93% had already demonstrated a reasonable discount to the Shareholders who wish to participate in the proposed Rights Issue since the Directors believe the recent trading prices of the Shares have been highly affected by the recent downturn of stock prices of stock market globally and locally and low investors sentiment due to the recent volatility and market downturn of the global economy, in particular in Hong Kong and the PRC, as well as the unprecedented deteriorating market sentiment caused by the impacts of the COVID-19 pandemic.

## LETTER FROM THE BOARD

To assess the fairness and reasonableness of the Subscription Price which had made reference to the net asset value attributable to owners of the Company per Share of approximately HK\$0.912 as at 31 December 2019 (the “**NAV per Share**”), the Directors look into the ratio of the Subscription Price to the NAV per Share (the “**P/B Ratio**”), which is approximately 0.66 times. Further, the Company has been trading at the P/B Ratio in a range of 0.55 times to 1.22 times (based on the range of the closing prices from HK\$0.50 per Share to HK\$1.11 per Share as quoted on the Stock Exchange during the Review Period and the net asset value attributable to owners of the Company per Share of HK\$ HK\$0.912 as at 31 December 2019). The Directors believe that the recent closing price of the Shares has been traded in a substantially low level as the P/B Ratio of 0.66 times is close to the minimum level of the range of the P/B Ratio during the Review Period and that the Subscription Price may attract more investors who generally target to invest in securities trading with attractive P/B Ratio offering.

The Directors have made reference to the prevailing market conditions including but not limited to, the percentage discount(s) or premium in other recent market comparable rights issues (the “**Market Comparables**”), the market price of the Shares prior to and including the Last Trading Day during the Review Period to understand the trend of the recent market practice. Considering that the six-month Review Period is appropriate in providing a general reference for the recent market practice in relation to the key terms of the comparable cases under similar market conditions, given that (i) the timeframe is sufficient in generating a reasonable and meaningful amount of samples for the purpose of the analysis; and (ii) the inclusion of all Market Comparables without any artificial selection represents a true and fair view of the recent market trends for similar transactions conducted by other listed issuers in Hong Kong.

| Announcement date | Stock code | Company name                                    | Basis    | Maximum dilution effect (%) | Discount of the subscription price to the share price on the last trading day (%) | Premium/ (Discount) of the subscription price over/to the average share price for the ten previous consecutive trading days up to and including the last trading day (%) | Premium/ (Discount) of the subscription price over/ to the consolidated net asset value per share (%) |
|-------------------|------------|---|----------|-----------------------------|---|--|---|
| 6 December 2019   | 401        | Wanjia Group Holdings Limited                   | 2 for 1  | 66.67                       | (31.43)   | (32.63)  | (62.72)   |
| 9 December 2019   | 2868       | Beijing Capital Land Ltd.                       | 5 for 10 | 33.33                       | (29.17)   | (29.70)  | (84.24)   |
| 13 December 2019  | 2133       | Greenway Mining Group Limited                   | 1 for 4  | 20.00                       | 0.00  | (0.90)   | (90.96)   |
| 18 December 2019  | 539        | Victory City International Holdings Limited     | 2 for 1  | 66.67                       | (22.86)   | (21.97)  | (96.91)   |
| 23 December 2019  | 907        | Elegance Optical International Holdings Limited | 1 for 2  | 33.33                       | (21.79)   | (22.44)  | (79.90)   |
| 24 December 2019  | 8245       | On Real International Holdings Limited          | 1 for 2  | 33.33                       | (61.54)   | (62.69)  | (30.26)   |

## LETTER FROM THE BOARD

| Announcement date | Stock code | Company name                                 | Basis   | Maximum dilution effect (%) | Discount of the subscription price to the share price on the last trading day (%) | Premium/ (Discount) of the subscription price over/to the average share price for the ten previous consecutive trading days up to and including the last trading day (%) | Premium/ (Discount) of the subscription price over/to the consolidated net asset value per share (%) |
|-------------------|------------|--|---------|-----------------------------|---|--|--|
| 2 January 2020    | 305        | Wuling Motors Holdings Limited               | 1 for 2 | 33.33                       | (32.20)   | (31.03)  | (74.62)  |
| 3 January 2020    | 1498       | Purapharm Corporation Limited                | 1 for 2 | 33.33                       | (37.50)   | (33.21)  | (61.60)  |
| 10 January 2020   | 55         | Neway Group Holdings Limited                 | 2 for 1 | 66.67                       | (20.00)   | (21.57)  | (94.54)  |
| 10 January 2020   | 8163       | Merdeka Financial Group Limited              | 4 for 1 | 80.00                       | (8.33)  | 2.80   | N/A  |
| 14 January 2020   | 1788       | Guotai Junan International Holdings Limited  | 1 for 3 | 25.00                       | (2.68)  | (0.28)   | 0.83   |
| 21 January 2020   | 729        | FDG Electric Vehicles Limited                | 1 for 2 | 33.33                       | (14.16)   | (12.66)  | N/A  |
| 3 February 2020   | 471        | CMMB Vision Holdings Limited                 | 1 for 2 | 33.33                       | (5.80)  | (17.41)  | (93.18)  |
| 11 February 2020  | 645        | Ares Asia Limited                            | 2 for 2 | 33.33                       | (20.24)   | (20.14)  | 105.02   |
| 3 March 2020      | 80         | China New Economy Fund Limited               | 1 for 1 | 50.00                       | (27.30)   | (27.30)  | 0.00   |
| 6 March 2020      | 1400       | Moody Technology Holdings Limited            | 1 for 2 | 33.33                       | (26.06)   | (12.59)  | N/A  |
| 25 March 2020     | 922        | Anxian Yuan China Holdings Limited           | 3 for 2 | 60.00                       | (32.89)   | (36.02)  | (84.86)  |
| 9 April 2020      | 8377       | Shen You Holdings Limited                    | 1 for 2 | 33.33                       | (12.24)   | (12.24)  | (18.87)  |
| 11 May 2020       | 539        | Victory City International Holdings Limited  | 2 for 1 | 66.67                       | (30.35)   | (29.29)  | (98.40)  |
| 15 May 2020       | 1822       | HongDa Financial Holding Limited             | 1 for 5 | 16.67                       | 0.00  | 0.00   | 270.37   |
| 19 May 2020       | 8103       | hmvod Limited                                | 5 for 1 | 83.33                       | (64.00)   | (73.80)  | N/A  |
| 22 May 2020       | 572        | Future World Financial Holdings Limited      | 1 for 2 | 33.33                       | (10.00)   | (36.62)  | (87.98)  |
| 26 May 2020       | 8089       | Chinese Strategic Holdings Limited           | 1 for 2 | 33.33                       | (24.53)   | (28.51)  | (62.93)  |
| 27 May 2020       | 1239       | Teamway International Group Holdings Limited | 2 for 1 | 66.67                       | (14.89)   | (12.09)  | 175.86   |
| 29 May 2020       | 2310       | Forebase International Holdings Limited      | 1 for 2 | 33.33                       | 0.00  | (0.48)   | 72.62  |
|                   |            | <b>Minimum</b>                               |         |                             | (64.00)   | (73.80)  | (98.40)  |
|                   |            | <b>Maximum</b>                               |         |                             | 0.00  | 2.80   | 270.37   |
|                   |            | <b>Average</b>                               |         |                             | (22.00)   | (22.91)  | (23.68)  |
|                   |            | <b>Median</b>                                |         |                             | (21.79)   | (21.97)  | (62.93)  |
|                   |            | The Company                                  | 3 for 2 | 60.00                       | 0.00  | (1.48)   | (34.21)  |

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## LETTER FROM THE BOARD

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The Directors noted it is a normal market practice for listed companies to set the subscription price of rights issue at a discount to the prevailing market price of the relevant shares so as to encourage the shareholders' participation. Nevertheless, the Subscription Price is equivalent to the closing price as quoted on the Stock Exchange on the Last Trading Day, representing a discount of approximately 1.48% to the average closing price as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day, still falls within the range of those of the Market Comparables which (i) the discount represented by the subscription prices to the closing price of shares of the Market Comparables on respective last trading day ranges from 0.00% to approximately 64.00% with average of approximately 22.00% and a median of approximately 21.79%; and (ii) the premium/discount represented by the subscription prices over/to the closing price of shares of the Market Comparables for the ten previous consecutive trading day ranges from a premium of 2.80% to a discount of approximately 73.80% with the average discount of approximately 22.91% and a median of approximately 21.97%.

Although the discount of the Subscription Price to the closing price as quoted on the Stock Exchange on the Last Trading Day is a lot less than the average and median of the Market Comparables, the Subscription Price should be commercially determined by the Company rather than solely based on the Market Comparables as whether the Subscription Price is fair and reasonable as the level of discount for each rights issue is dependent on multiple factors such as prevailing market sentiment, the reasons for and benefits of the proposed fund raising activity, the historical share price performance and liquidity, and the profile and industry of each company. Having regard to the recent weak stock market sentiment which causes the recent closing price of the Company to be deeply undervalued, the Directors consider it would be more appropriate to make reference to the net asset value attributable to owners of the Company per Share as P/B ratio is one of the most widely used and accepted methods for valuing a business and is commonly used benchmarks in valuing a company. As noted in the Market Comparables, the premium/discount of the subscription prices over/to the consolidated net asset value per share of the Comparables ranged from a premium of approximately 270.37% to a discount of approximately 98.40% (the “**Comparable NAV Range**”), with an average discount of approximately 23.68% (the “**Comparable NAV Average**”). The discount of the Subscription Price to the net asset value attributable to owners of the Company per Share as at 31 December 2019 of approximately 34.21% is within the Comparable NAV Range and represents a larger discount than the Comparable NAV Average. The Directors consider that it is justifiable for the Company to set the Subscription Price at a discount to the market average so as to attract the Shareholders to participate in the Rights Issue under the current market sentiment.

In the trading period of the Shares from the Last Trading Day and up to the Latest Practicable Date, the closing price of Shares has been trading in a range of HK\$0.47 to HK\$0.60, which was hovering in the similar range as compared to the Review Period. Based on the published unaudited equity attributable to owners of the Company of approximately HK\$1,597.41 million as at 30 June 2020 and the issued share capital of the Company of 1,803,777,836 Shares as at the Latest Practicable Date, the Subscription Price represents a discount of approximately 32.28% to the unaudited consolidated net asset value per Share of approximately HK\$0.886. The Directors consider that there is no material change to the factors taken into consideration when determining the Subscription Price. The Directors consider that it is justifiable for the Company to set the Subscription Price at a discount to the market average so as to attract the Shareholders to participate in the Rights Issue under the current market sentiment.

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## LETTER FROM THE BOARD

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Furthermore, since 23 April 2019, Suncity has become the substantial shareholder of the Company. With the extensive experience in the rolling chip business, the Board believes the cooperation with the Suncity Group, which is one of Asia's leading VIP services and entertainment conglomerates founded in Macau, will continue to grow in scope and scale to revitalize the true worth of the Company.

Nevertheless, the Directors noted from the published consultation document titled "Consultation Conclusions – Capital Raisings by Listed Issuers" released by the Stock Exchange in May 2018, "where controlling or substantial shareholders are allowed to act as underwriters, the Stock Exchange considers mandatory compensatory arrangements provide an additional safeguard to address the concern that controlling or substantial shareholders may deliberately price the offer shares at an artificially discounted price and increase their stakes at low cost. If compensatory arrangements are required, unsubscribed shares must first be offered to independent investors at market price, which may be at a premium to the offer price. This premium would be paid to the non-subscribing shareholders". In view of avoiding the potential highly dilutive capital raisings for the good corporate governance, the Subscription Price is determined with a relatively slight discount of 1.48% to the average closing price as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day and is equivalent to the closing price of HK\$0.60 on the Last Trading Day.

After taking into consideration the reasons for the Rights Issue as stated in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE SUBSCRIPTION" in the letter from the Board in this Prospectus, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

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

### **Irrevocable Undertaking**

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

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## LETTER FROM THE BOARD

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### Holders of Share Options

The outstanding Share Options as at the Latest Practicable Date are set out below:

|                    | <b>As at the<br/>Latest<br/>Practicable<br/>Date</b> | <b>Date of grant</b> | <b>Exercise<br/>price<br/>(HK\$)</b> | <b>Exercise<br/>period<br/>(Note)</b> |
|--------------------|--|----------------------|--------------------------------------|---------------------------------------|
| <b>Directors</b>   |  |                      |                                      |                                       |
| Mr. Lau Yau Cheung | 1,000,000  | 13 December 2018     | 0.98                                 | 3                                     |
| Mr. Li Chak Hung   | 1,000,000  | 13 December 2018     | 0.98                                 | 3                                     |
| <b>Employees</b>   |  |                      |                                      |                                       |
|                    | 1,292,000  | 1 September 2016     | 1.99                                 | 2                                     |
|                    | 13,230,000   | 13 December 2018     | 0.98                                 | 3                                     |
| <b>Consultants</b> | <u>5,812,000</u>                                     | 1 September 2016     | 1.99                                 | 2                                     |
| <b>Total</b>       | <u><u>22,334,000</u></u>                             |                      |                                      |                                       |

*Notes:*

1. Each Share Option gives the holder the right to subscribe for one Share and the vesting period of the Share Options is from the date of grant until the commencement of the exercise period.
2. The Share Options granted on 1 September 2016 are divided into 2 tranches exercisable from 1 September 2016 and 1 September 2017 respectively to 31 August 2021.
3. The Share Options granted on 13 December 2018 are exercisable from 13 December 2018 to 12 December 2023.

As at the Latest Practicable Date, aside from Mr. Lau Yau Cheung and Mr. Li Chak Hung, each an independent non-executive Director and a holder of Share Options, all other holders of Share Options are Independent Third Parties.

### The Option Holders' Undertakings

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

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## LETTER FROM THE BOARD

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### Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company has sent the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date but has only sent the Prospectus (without the PAL), for information purposes only, to the Non-Qualifying Shareholders.

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

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

### Basis of provisional allotments

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

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

### Rights of Overseas Shareholders

As at the Latest Practicable Date, based on the register of members of the Company, the Overseas Shareholders are as follows:

| <b>Number of Overseas Shareholders</b> | <b>Jurisdiction of the registered address of the Overseas Shareholders</b> | <b>Number of Shares held</b> |
|--|--|------------------------------|
| 1                                      | The USA  | 4,131,220                    |

The shareholding of the Overseas Shareholder represents less than 1% of the total issued Shares as at the Latest Practicable Date.

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Having made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders with registered addresses (as shown in the register of members of the Company) in the jurisdiction set out in the above in compliance with Rule 13.36(2)(a) of the Listing Rules and taking into account the legal advice provided by the legal adviser of the USA engaged by the Company, the Directors are of the view that it is expedient not to extend the Rights Issue to such Overseas Shareholders given the expenses and effort which may be incurred or involved in



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## LETTER FROM THE BOARD

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compliance with the relevant regulatory requirements in the USA, and hence, the Overseas Shareholders with registered addresses (as shown in the register of members of the Company) in the USA shall be Non-Qualifying Shareholders.

The Company has sent copies of this Prospectus to the Non-Qualifying Shareholders for their information only, but did not send the PAL to them.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and/or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

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

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

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

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

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

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## LETTER FROM THE BOARD

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### Procedures for acceptance and payment and/or transfer of the Right Shares

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Tuesday, 6 October 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**Summit Ascent Holdings Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 6 October 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 24 September 2020 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as "splitting" of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be given in respect of any application monies received.

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## LETTER FROM THE BOARD

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If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” is not fulfilled by the Latest Time for Acceptance, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Thursday, 15 October 2020.

### **Status of Rights Shares**

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

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Thursday, 15 October 2020 by ordinary post to the allottees, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares. If the Rights Issue is terminated, refund cheques are expected to be despatched on or before Thursday, 15 October 2020 by ordinary post at the respective Shareholders’ own risk.

### **Fractions of Rights Shares**

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

### **Odd lots matching services**

In order to alleviate the difficulties arising from the existence of odd lots of the Rights Shares arising from the Rights Issue and the Change in Board Lot Size, Merdeka Securities Limited is appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Friday, 16 October 2020 to Friday, 6 November 2020 (both dates inclusive). Holders of the Shares in odd lots represented by the existing certificates for the Shares who wish to take advantage of this facility either to acquire odd lots of the Shares to make up a full board lot or dispose of their odd lots of the Shares may, directly or through their broker, contact Mr. Chow Man Ho of Merdeka Securities Limited at Room 1108, 11/F., Wing On Centre, 111 Connaught Road Central, Central, Hong Kong (telephone number: (852) 2868 1063) during such period.

Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is on the best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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## LETTER FROM THE BOARD

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### **Application for listing**

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

No part of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application for listing of or permission to deal in the Shares, the Rights Shares or any other securities of the Company is being made, or is proposed to be sought, on any other stock exchange.

The board lot size of the nil-paid Rights Shares is 4,000 Shares.

### **Rights Shares will be eligible for admission into CCASS**

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

### **Stamp duty and other fees and charges payable**

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

### **TAXATION**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

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## LETTER FROM THE BOARD

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

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

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m., on Tuesday, 13 October 2020, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

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

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

Non-Qualifying Shareholders (i.e. Overseas Shareholders who are excluded from the Rights Issue on the basis as referred to in this Prospectus) are not entitled to Net Gain payable under (iii) above as the Net Gain payable thereunder will only be payable if the Rights Issue is extended to them.

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## LETTER FROM THE BOARD

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

### Conditions of the Rights Issue

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

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

### THE PLACING AGREEMENT

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

- Date : 1 June 2020 (after trading hours)
- Placing Agent : Merdeka Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. The Placing Agent confirmed that:
- (a) it is an Independent Third Party;
  - (b) as at the Latest Practicable Date, neither the Placing Agent nor any of its associates hold any Shares; and

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## LETTER FROM THE BOARD

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(c) there is no arrangement, agreement, understanding or undertaking with the Underwriter in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, save for the proposed terms of the Underwriting Agreement by which the Underwriter will take up all Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

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

Placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) : The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (i.e. the prevailing market price of the Shares as compared to the Subscription Price during the process of placement).

The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall not be less than the Subscription Price. It is impractical for the placing price to be higher than the prevailing market price of the Shares during the process of placement.

Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placees who and whose ultimate beneficial owner(s) are Independent Third Parties.

For the avoidance of doubt, no Placee shall become a substantial shareholder of the Company.

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## LETTER FROM THE BOARD

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- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Condition Precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional and not terminated in accordance with the Underwriting Agreement.
- Placing Completion Date : the second Business Day after the Latest Placing Date or such other date as the Company and the Placing Agent may agree in writing.
- Termination : The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given by the Placing Agent to the Company at any time prior to 10:00 a.m. on the date of completion of the Placing, which shall be the second Business Day after the Latest Placing Date (or such other date as the Company and the Placing Agent may agree in writing) upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:
- (i) there develops, occurs or comes into force:
    - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or



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## LETTER FROM THE BOARD

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- (b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
  - (c) any change in conditions of local, national or international securities markets occurs; or
  - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
  - (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
  - (f) any suspension in the trading of Shares on the Stock Exchange for a continuous period of five Business Days; or
- (ii) any breach of any of the representations and warranties of the Company set out in Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

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## LETTER FROM THE BOARD

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- (iii) there may or will be likely that the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will not be approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any Places as contemplated under the Placing Agreement.

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

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

### THE UNDERWRITING AGREEMENT

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

- Date : 1 June 2020 (after trading hours)
- Underwriter : Victor Sky, a substantial shareholder of the Company, beneficially interested in 397,006,464 Shares, representing approximately 22.01% of the existing issued Shares of the Company
- Total number of Underwritten Shares : All the Rights Shares other than the Committed Shares, up to 2,036,204,058 Rights Shares on the basis that no new Shares were issued (including none was issued under the Share Options) and no buyback of Shares was made from the date of the Announcement up to and including the Record Date
- Commission : The Underwriter will not receive any underwriting commission in respect of the maximum number of Underwritten Shares for which the Underwriter has agreed to subscribe or procure subscription.

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## LETTER FROM THE BOARD

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

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

Mr. Chau, the Chairman and a non-executive Director, is an executive director and a controlling shareholder of Suncity. Mr. Lo, an executive Director, is also an executive director of Suncity. Each of Mr. Chau and Mr. Lo is deemed to have a material interest (or a potential conflict of interest) in the transactions contemplated under the Underwriting Agreement and has abstained from voting on the Board resolutions approving the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver. Notwithstanding the above, the Directors are of the view that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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

Since no commission is payable to the Underwriter, the Board considers that the Underwriting Agreement is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

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## LETTER FROM THE BOARD

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### Conditions of the Underwriting Agreement

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

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

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## LETTER FROM THE BOARD

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

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

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

The obtaining of the consent or permission from the Bermuda Monetary Authority referred to in condition (9) above is not required. As at the date of this Prospectus, the above conditions (1), (2), (3), (4), (5), (6), (7) and (16) have been complied with.

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## LETTER FROM THE BOARD

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### Termination of the Underwriting Agreement

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

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

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

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

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

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

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## LETTER FROM THE BOARD

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### THE SUBSCRIPTION AGREEMENT

As stated in the Circular, completion of the Subscription and the issue of the Convertible Bonds are conditional upon fulfilment (or waiver) of the following conditions:

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

As stated in the Circular, the shareholders’ approval referred to in the above conditions (5) and (6) are not required. As at the date of this Prospectus, conditions (2) and (4) have been complied with.

## LETTER FROM THE BOARD

### EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

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

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



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## LETTER FROM THE BOARD

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*Notes:*

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

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

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

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

| <b>Date of completion</b> | <b>Event</b>                                | <b>Net proceeds raised</b>    | <b>Intended use of net proceeds</b>   | <b>Actual use of net proceeds as at the Latest Practicable Date</b>           |
|---------------------------|---|-------------------------------|---|---|
| 19 August 2019            | Placing of new Shares under general mandate | Approximately HK\$297 million | Develop the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region in the Russian Federation | Placed on short-term interest bearing deposits with licensed commercial banks |

The Company intends to utilise the net proceeds of approximately HK\$297 million from the placing of new Shares under general mandate disclosed above for part of the development costs of Tigre de Cristal Phase II. The Company has reviewed and are finalizing conceptual designs, and plan to commence the construction works of Tigre de Cristal Phase II in the fourth quarter of 2020 subject to any potential impacts from COVID-19.

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## LETTER FROM THE BOARD

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### POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS

The Company has 22,334,000 outstanding Share Options granted by the Company on 1 September 2016 and 13 December 2018 pursuant to the Share Option Scheme which each Share Option shall entitle the holder of the Share Options to subscribe for one Share.

Set out below is the table demonstrating the scenario under which adjustments may require to be made to the exercise prices of and/or the number of the Shares falling to be issued upon exercise of the outstanding Share Options granted by the Company under the Share Option Scheme as a result of the Rights Issue based on the closing price as at the last day of dealings in the Shares on a cum-rights basis of HK\$0.54 for illustrative purpose only. The calculations are based on the preliminary assessment by the Board with reference to the information currently available to it and such adjustments have not been certified by an independent financial adviser or auditors of the Company as at the Latest Practicable Date, and are for the Shareholders' information purposes only.

| <b>Date of grant</b> | <b>Immediately prior to<br/>the adjustments as a result of<br/>completion of the Rights Issue</b>               |  | <b>Immediately after<br/>the adjustments as a result of<br/>completion of the Rights Issue</b>                           |   |
|----------------------|---|--|--|---|
|                      | <i>Number of<br/>Shares falling to<br/>be issued upon<br/>exercise of the<br/>outstanding<br/>Share Options</i> | <i>Exercise price<br/>per Share<br/>(HK\$)</i> | <i>Adjusted number<br/>of Shares falling<br/>to be issued<br/>upon exercise of<br/>the outstanding<br/>Share Options</i> | <i>Adjusted<br/>exercise price<br/>per Share<br/>(HK\$)</i> |
| 1 September 2016     | 7,104,000   | 1.99   | 6,660,000  | 2.12  |
| 13 December 2018     | 15,230,000  | 0.98   | 14,278,125   | 1.05  |

Save for the above possible adjustments, all other terms of the outstanding Share Options will remain unchanged.

The Company has calculated the necessary adjustments to the exercise prices of and the number of Shares falling to be issued upon exercise of the outstanding Share Options in accordance with the terms of the Share Option Scheme and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 17.03(13) of the Listing Rules. Any adjustments required under the Share Option Scheme and the Listing Rules will give the holder the same proportion of the equity capital as that to which that person was previously entitled, subject to the actual alteration in the capital structure of the Company arising as a result of the Rights Issue.

The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

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## LETTER FROM THE BOARD

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### INFORMATION OF THE GROUP

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

### INFORMATION ON THE UNDERWRITER

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

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

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

It is the intention of the Underwriter to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. The Underwriter has no intention to introduce any major changes to the businesses of the Group including redeployment of the fixed assets of the Group.

### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE SUBSCRIPTION

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

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

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## LETTER FROM THE BOARD

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As disclosed in the annual reports of the Company for the years ended 31 December 2019, 2018 and 2017 respectively, the Group recorded revenue from gaming and hotel operations of approximately HK\$532.82 million, HK\$463.15 million and HK\$470.82 million respectively, of which the Group's income is predominately generated from its gaming and hotel operations in the IEZ. Whilst the Directors remain cautiously optimistic about the long-term prospects of the gaming and hotel segment in the Russian Federation, taking into account the prevailing financial market conditions, economic outlook and the political instability of the Russian Federation where the Group's operations and assets are almost entirely based, the Board is of the view that it is in the best interests of the Company to diversify its assets and revenue streams in order to reduce the Group's reliance on a single revenue source and location.

The Russian Federation faces many potential challenges, among others: a large state footprint, insufficient infrastructure, low levels of competitiveness, underinvestment, dependence on raw materials, and poor economic climate. The Russian Federation's economic and political climate is relatively unstable as illustrated by the Ukrainian crisis in 2014 that resulted in the Russian Federation's suspension from the then Group of Eight (the "G8") and severe economic sanctions from the other members of the G8. Such events led to a significant decline in the RUB. According to the statistics from the World Bank, the Russian Federation suffered -2.3% annual growth in gross domestic product ("GDP") in 2015 and whilst rebounded in 2016 has only recorded an average annual GDP growth of 1.4% from 2016 to 2019. The recent COVID-19 crisis and significant decline in oil prices are forecasted to have a significant negative impact on the Russian Federation's economy. According to a report on the Russian Economy from FocusEconomics, a leading provider of economic analysis and forecasts for 130 countries through an extensive global network of analysts, a panel of economists has predicted the Russian Federation's GDP shrinking by 4.1% in 2020.

Over the past few years, the Russian government has done a lot to attract the foreign direct investment. However, there is still a gap between the regulations welcoming foreign investors and their practical implementation. For instance, the Government of the Russian Federation has doubled the minimum and maximum gaming tax rates since 1 January 2018. Subsequently, the local parliament of Primorsky Krai voted to maintain the same rates at existing levels applicable to Tigre de Cristal on 28 February 2018. The Group, as a foreign investor, needs to find way to deal with this Russian willingness on the one hand and bureaucratic uncertainty on the other.

In the process of searching for investment opportunities supporting diversification, the Group focused on the Asian gaming markets which have been on the rise in the past decade and dealt with largely similar groups of customers with similar needs and wants of the Group's current patrons. In particular, the Philippines is one of the fastest-growing casino hubs in Asia. The Board considered the Subscription is the best available option to achieve the Group's purpose of diversification after taking into account, among others, (i) the accessibility of gaming license since not all Asian jurisdictions are planning to issue new gaming licenses, (ii) the scale of the investment as the Group cannot afford to buy the controlling interest in a sizeable integrated resort subject to the Group's own total asset value and human resources, (iii) whether a sound legal and regulatory framework and the sophisticated rules for the gaming industry have been developed by the regulatory authorities, (iv) the potential competition, (v) the certainty on timeframe and (vi) the collaboration with business partners, like gaming promoters and travel agents.

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## LETTER FROM THE BOARD

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Furthermore, the timetable for developing the remaining part of Lot 10 by the Group is dependent on a number of factors, including but not limited to, the operating results of the Group and the business environment after the opening of Phase II of Tigre de Cristal, as well as the cluster effects after the opening of other casinos in the IEZ of the Primorye Region in the Russian Federation. The Board believes that investing part of the net proceeds from the Rights Issue for the Subscription to achieve the diversification is more compelling than expanding the current scale of the Phase II development of Tigre de Cristal.

The Subscription allows the Company to diversify the Group's asset base and enter into a new developing geographical market. Compared to the Russian Federation's average annual GDP growth of 1.4% from 2016 to 2019, the Philippines recorded an average annual GDP growth of 6.6% across the same period with the gambling sector in the Philippines growing at even faster rate as set out in the section headed "INFORMATION ABOUT SUNTRUST GROUP" in the Circular. Also with the global economic downturn caused by COVID-19, the Board is of the view that investing into a new development is a more prudent investment than investing into an existing gaming and hotel property especially as the Philippines has relatively low labour and development costs as a developing country. The maturity date of the Convertible Bonds is 5 years from the date of issue of the Convertible bonds which is expected to be in 2025 whilst the Main Hotel Casino is expected to commence operations before 2023. As such the Main Hotel Casino is expected to be operational for at least 2 years before the maturity date giving the Company the opportunity to analyse more accurately the earnings potential of the Main Hotel Casino and SunTrust before exercising the Conversion Rights attached to the Convertible Bonds.

Upon exercise of the Conversion Rights of the Convertible Bonds, the assets and liabilities of the SunTrust Group will be consolidated to the Group's consolidated statement of financial position and the interest in SunTrust will be accounted for as an associate using equity method.

Having considered the future prospect of SunTrust as set out in the section headed "INFORMATION ABOUT SUNTRUST GROUP" in the Circular and that the convertible features of the Convertible Bonds provide more flexibility to the Group in realising the investment in SunTrust and maximising its return by exercising the Conversion Rights attaching to the Convertible Bonds when the market situation is favourable, the Directors consider that fund raising through the Rights Issue and the Subscription are in the interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, the Company has no intention to exercise the Conversion Rights attached to the Convertible Bonds.

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## LETTER FROM THE BOARD

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The management of the Company has also considered other means of fundraising such as commercial debt financings (including bank borrowings) and placing of new shares. The Company has exhausted various alternatives during the past few months, but it is believed that the recent instability of the local and global financial markets has adversely affected the financing opportunities of the Company. Prior to the entering into of the Underwriting Agreement, the Company had approached two banks in Hong Kong in the course of exploring different finance options, and was informed that due to the inherent nature of the Company where the main business operations and principal assets of the Group are not in Hong Kong, it is unlikely the Company can obtain loan facilities with favourable terms. Besides, the Company also approached several Russian banks but the prevailing borrowing costs are relatively high in the Russian Federation, close to 10% per annum. Most lenders will also require a pledge of collateral that typically includes the Group's tangible assets and accounts receivable, and impose certain restrictions on the Company's future finance options, loan repayments and dividend distributions to Shareholders. If the Company has a proportion of interest-bearing loan capital, the Company can suffer from a squeeze on profits and returns to Shareholders. In addition, if the minimum amount to be raised by the Rights Issue before expenses of HK\$1,623.40 million were to be fulfilled by debt financing, the debt ratio of the Company (representing the ratio of total debts to total assets) would have increased from zero to 40.62% as at 31 December 2019 on a proforma basis. As such, the Board considered that it will be difficult for the Company to obtain debt financings of such magnitude at the relevant time on acceptable terms.

In respect of equity financing, the management of the Company considers other equity financing alternatives such as placing of new Shares under general or specific mandate can only raise funds in a relatively small size given the current market capitalisation of the Company and more importantly it will unavoidably dilute the shareholding of the Shareholders, whereas an open offer does not provide the flexibility to the Shareholders who wish to subscribe the Rights Shares to increase their shareholding interests in the Company by acquiring additional rights entitlements in the open market or to the Shareholders who opt not to subscribe the Rights Shares to reduce their shareholding interests in the Company by disposing of their nil-paid Rights Shares during the prescribed period of time for economic benefits. As such, the Directors consider that placing of new Shares and undertaking an open offer are not the desirable alternatives to the Rights Issue. Furthermore, the Company has successfully completed a placing of new Shares under the general mandate as set out in the announcement of the Company dated 19 August 2019. The management of the Company also concerns about the limited number of potential investors who want to invest substantial amounts individually and if the Company offers a great discount to new subscriber(s) who is/are not existing Shareholder(s), it would further cause dilution impact to the existing Shareholders without being offered an opportunity to maintain their proportionate interests in the Company. Such arrangement would not be in the interest of the Shareholders as they cannot participate in the fund raising exercise.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholdings through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlements in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### USE OF PROCEEDS

The estimated net proceeds of the Rights Issue will be approximately HK\$1,618.42 million.

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

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

The Group holds a gaming license granted by the Russian government for an indefinite period and the development rights on two adjacent parcels of land, namely Lot 9 and Lot 10, in the Primorye IEZ of the Russian Far East. The first gaming and hotel property, known as Tigre de Cristal, is built on Lot 9 and opened for business in the fourth quarter of 2015. The Company is currently refining the design and construction elements of the Phase II development on Lot 10 and is targeting an opening of the Phase II of Tigre de Cristal in 2022. This new integrated resort is expected to double the Group's VIP and mass gaming tables, slots, and has at least twice the lodging capacity of the existing property, and will include four restaurants and bars, additional retail offerings, and an indoor beach club and spa.

In the event that the Subscription does not proceed to completion, the net proceeds from the Rights Issues originally allocated for the Subscription are intended to be applied for the further development of Tigre de Cristal by expanding its scale (either in respect of Phase II of Tigre de Cristal or by including subsequent phases of development on Lot 10 of Primorye IEZ of the Russian Far East as Phase II of Tigre de Cristal will be occupying only part of Lot 10 and the remaining part of Lot 10 can further be developed) by, among others, increasing its hotel capacity, number of gaming tables and slots machines, and additional facilities. Furthermore, the Company intends to utilise the net proceeds from the placing of new Shares under general mandate completed on 19 August 2019 as part of the development costs of Tigre de Cristal Phase II. The Company has been reviewing and finalizing conceptual designs, and planning to commence the construction works in the fourth quarter of 2020, targeting an opening of our Tigre de Cristal Phase II in 2022.

## LETTER FROM THE BOARD

The table below summarises the breakdown of the intended use of proceeds on the Subscription and the Phase II development of Tigre de Cristal, and the estimated timeline for the use of the net proceeds.

|  | Estimated time period for the usage |                |                |                | Total          |
|--|-------------------------------------|----------------|----------------|----------------|----------------|
|  | 2020                                | 2021           |                | 2022           |                |
|  | 2H                                  | 1H             | 2H             | 1H             |                |
|  | HK\$                                | HK\$           | HK\$           | HK\$           |                |
|  | <i>million</i>                      | <i>million</i> | <i>million</i> | <i>million</i> |                |
|  | <i>Approx.</i>                      | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> |
| <b>The Subscription</b>  | <b>847.0</b>                        | –              | –              | –              | <b>847.0</b>   |
| <b>The Phase II development of Tigre de Cristal, including but not limited to,</b> |                                     |                |                |                |                |
| Procurement of construction materials  | 69.0                                | 101.4          | 99.6           | 41.5           |                |
| Construction of buildings/facilities   | 10.1                                | 25.2           | 35.3           | 30.2           |                |
| Interior fit-out   | –                                   | –              | 56.7           | 132.4          |                |
|  | <b>79.1</b>                         | <b>126.6</b>   | <b>191.6</b>   | <b>204.1</b>   | <b>601.4</b>   |
| <b>For general working capital of the Group, including but not limited to,</b>     |                                     |                |                |                |                |
| (i) <i>Phase I, including:</i>   |                                     |                |                |                |                |
| Capital expenditures   | 48.0                                | 10.0           | 10.0           | 10.0           |                |
| Repairs and maintenance  | 6.0                                 | 6.0            | 6.0            | 6.0            |                |
| Return of the refunded value-added tax   | –                                   | 9.0            | –              | 9.0            |                |
| (ii) <i>Pre-opening expenses for Phase II, including but not limited to,</i>       |                                     |                |                |                |                |
| Staff costs (training and employee relations)                                      | –                                   | –              | –              | 30.0           |                |
| Security expenses  | –                                   | –              | 3.0            | 6.0            |                |
| Marketing expenses   | –                                   | –              | 3.0            | 8.0            |                |
| Others   | –                                   | –              | –              | –              |                |
|  | <b>54.0</b>                         | <b>25.0</b>    | <b>22.0</b>    | <b>69.0</b>    | <b>170.0</b>   |
| <b>Total use of proceeds in the respective time period</b>                         | <b>980.1</b>                        | <b>151.6</b>   | <b>213.6</b>   | <b>273.1</b>   | <b>1,618.4</b> |



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## LETTER FROM THE BOARD

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Further, the table below summarises the details of the Tigre de Cristal project:

| <b>Casino projects</b>            | <b>Phase I of<br/>Tigre de Cristal</b>                                   | <b>Phase II of<br/>Tigre de Cristal</b>                                  |
|-----------------------------------|--|--|
| Operation commencement date:      | October 2015   | Opening of the first stage<br>in 2022                                    |
| Site Area (square metres):        | 90,455 (Lot 9)   | 154,351 (Lot 10)   |
| Gross Floor Area (square metres): | 36,000   | 60,500   |
| Estimated project cost:           | US\$195 million  | US\$200 million  |
| Gaming capacity:                  | 30 VIP gaming tables;<br>35 mass gaming tables;<br>and 330 slot machines | 50 VIP gaming tables;<br>25 mass gaming tables;<br>and 300 slot machines |
| Hotel accommodation capacity:     | 121 hotel rooms<br>(5-star hotel)  | 350 hotel rooms<br>(4-star hotel)  |

As at the Latest Practicable Date, the expected total development cost of the Phase II of Tigre de Cristal is approximately US\$200 million. As the Company is interested in 60% equity interest in Oriental Regent only, the total estimated cost of the Phase II development of Tigre de Cristal attributable to the Group is approximately HK\$930 million which will be funded as to HK\$601 million by part of the net proceeds from the Rights Issue, HK\$297 million by the net proceeds raised from the placing of new Shares in July 2019 and HK\$32 million by general working capital of the Group. Based on the financial resources available to the Company, the Company may not have sufficient fund for both the development of Phase II of Tigre de Cristal and the Subscription without obtaining the net proceeds from the Rights Issue. Save for the proposed Rights Issue, the Company does not have any other plans to conduct equity fund raising, or obtain debt financing to finance the Phase II development of Tigre de Cristal, and neither are there any plans nor binding agreements signed for expanding the scale of Tigre de Cristal or the expansion of the remaining part of Lot 10.

### **WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” in this Letter from the Board). Accordingly, the Rights Issue may or may not proceed.**

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## LETTER FROM THE BOARD

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The Shares were dealt in on an ex-rights basis from Wednesday, 9 September 2020. Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Tuesday, 22 September 2020 to 4:00 p.m. on Tuesday, 29 September 2020 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

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

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus. In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

Yours faithfully,  
For and on behalf of the Board of  
**Summit Ascent Holdings Limited**  
**Chiu King Yan**  
*Executive Director*

**1. FINANCIAL SUMMARY OF THE GROUP**

Details of (i) the unaudited consolidated financial information of the Group for the six months ended 30 June 2020; and (ii) to (iv) the audited consolidated financial information of the Group for the years ended 31 December 2017, 2018 and 2019 are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.saholdings.com.hk>).

- (i) The unaudited financial information of the Group for the six months ended 30 June 2020 is disclosed in the interim results announcement of the Company for the six months ended 30 June 2020 (the “**Interim Results Announcement**”) published on 24 August 2020, from pages 2 to 14:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0824/2020082401342.pdf>

- (ii) The audited financial information of the Group for the year ended 31 December 2019 is disclosed in the annual report of the Company 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>

- (iii) The audited financial information of the Group for the year ended 31 December 2018 is disclosed in the annual report of the Company 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/ltn201904291146.pdf>

- (iv) The audited financial information of the Group for the year ended 31 December 2017 is disclosed in the annual report of the Company for the year ended 31 December 2017 published on 25 April 2018, from pages 45 to 108:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0425/ltn20180425769.pdf>

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

Set out below is a summary of the consolidated financial information of the Group for the six months ended 30 June 2020 and for the years ended 31 December 2017, 2018 and 2019.

|  | <b>For the year ended 31 December</b> |                  |                  | <b>For the six<br/>months<br/>ended</b> |
|--|---------------------------------------|------------------|------------------|---|
|  | <b>2017</b>                           | <b>2018</b>      | <b>2019</b>      | <b>30 June</b>                          |
|  | <i>(audited)</i>                      | <i>(audited)</i> | <i>(audited)</i> | <i>(unaudited)</i>                      |
|  | <i>HK\$'000</i>                       | <i>HK\$'000</i>  | <i>HK\$'000</i>  | <i>HK\$'000</i>                         |
| Revenue from gaming and hotel operations   | <u>470,821</u>                        | <u>463,150</u>   | <u>532,816</u>   | <u>95,967</u>                           |
| Profit (loss) before income tax expense  | (9,851)                               | 4,164            | 106,963          | (89,044)                                |
| Income tax expense   | <u>(109)</u>                          | <u>(108)</u>     | <u>(112)</u>     | <u>(113)</u>                            |
| Profit (loss) and total comprehensive income (expense) for the year                  | <u>(9,960)</u>                        | <u>4,056</u>     | <u>106,851</u>   | <u>(89,157)</u>                         |
| Profit (loss) and total comprehensive income (expense) for the year attributable to: |                                       |                  |                  |   |
| Owners of the Company  | 13,778                                | 7,611            | 81,998           | (46,975)                                |
| Non-controlling interests  | <u>(23,738)</u>                       | <u>(3,555)</u>   | <u>24,853</u>    | <u>(42,182)</u>                         |
|  | <u>(9,960)</u>                        | <u>4,056</u>     | <u>106,851</u>   | <u>(89,157)</u>                         |
|  | <i>HK cents</i>                       | <i>HK cents</i>  | <i>HK cents</i>  | <i>HK cents</i>                         |
| Earnings (loss) per Share attributable to the Shareholders:                          |                                       |                  |                  |   |
| Basic  | 0.93                                  | 0.51             | 5.09             | (2.60)                                  |
| Diluted  | 0.93                                  | 0.51             | 5.07             | (2.60)                                  |
| Dividends per share  | Nil                                   | Nil              | Nil              | Nil                                     |

|  | As at 31 December |           |           | As at       |
|--|-------------------|-----------|-----------|-------------|
|  | 2017              | 2018      | 2019      | 30 June     |
|  | (audited)         | (audited) | (audited) | (unaudited) |
|  | HK\$'000          | HK\$'000  | HK\$'000  | HK\$'000    |
| <b>ASSETS, LIABILITIES AND<br/>NON-CONTROLLING<br/>INTERESTS</b> |                   |           |           |             |
| Total assets   | 2,006,311         | 2,005,279 | 2,372,928 | 2,266,739   |
| Total liabilities  | 398,432           | 378,695   | 336,515   | 319,483     |
| Total equity   | 1,607,879         | 1,626,584 | 2,036,413 | 1,947,256   |
| – Equity attributable to owners of<br>the Company                | 1,213,879         | 1,250,665 | 1,644,388 | 1,597,413   |
| – Non-controlling interests                                      | 394,000           | 375,919   | 392,025   | 349,843     |

The management discussion and analysis of the Company for the six months ended 30 June 2020 and for each of the financial years ended 31 December 2017, 2018 and 2019 are disclosed in the Interim Results Announcement and in the annual reports of the Company for the financial years ended 31 December 2017, 2018 and 2019, respectively. Save as disclosed in the Interim Results Announcement and in the aforementioned annual reports of the Company, there were no material items of income or expense for the six months ended 30 June 2020 and for each of the three years ended 31 December 2017, 2018 and 2019.

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the Company's auditors' report for each of the three financial years ended 31 December 2017, 2018 and 2019.

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2020, being the latest practicable date for the purpose of ascertaining this indebtedness statement prior to the printing of this Prospectus, the Group had unsecured and unguaranteed loans from non-controlling shareholders of a subsidiary of the Group with a principal amount of approximately HK\$237,367,000.

As at 31 July 2020, the Group had outstanding lease liabilities in respect of leasehold land and buildings of approximately HK\$4,862,000 comprising (i) secured and unguaranteed lease liabilities of approximately HK\$502,000, which were secured by rental deposits paid by the Group; and (ii) unsecured and unguaranteed lease liabilities of approximately HK\$4,360,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on 31 July 2020, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, liabilities under acceptances, acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees, or other contingent liabilities.

### 3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Rights Issue and the Subscription, the present financial resources available to the Group including but not limited to loans from non-controlling shareholders of a subsidiary of the Group, revenue generated by its principal businesses and cash and cash equivalents on hand, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of this Prospectus in the absence of unforeseeable circumstances.

### 4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, other than as disclosed in:

- (i) the Interim Results Announcement of the Company for the six months ended 30 June 2020 (“1H 2020”) published on 24 August 2020, (a) the Group’s total revenue in 1H 2020 was HK\$96.0 million, down 63% compared with the corresponding period in 2019 due to the temporary suspension of the gaming operations of Tigre de Cristal from 28 March 2020 until its reopening from 16 July 2020 and the number of foreigners visiting the Group’s property plummeted after governments of various countries have issued entry restrictions, visa suspensions and quarantine measures for travellers due to the COVID-19 pandemic; and (b) the Group recorded a loss attributable to owners of the Company of HK\$47.0 million in 1H 2020 versus a profit of HK\$42.8 million compared with the corresponding period in 2019;
- (ii) the profit warning announcement of the Company dated 11 August 2020 in relation to the preliminary review of the management accounts of the Group at the time that the outbreak of the COVID-19 has had a huge impact on the gaming and hotel operations of the Group in 1H 2020 due to (a) the temporary entry ban to the Russian Federation of foreign nationals, including those from Hong Kong and Macau, which had an adverse impact on the Group’s visitation in early 2020, and (b) the Group’s gaming operation was suspended from or about 28 March 2020 to comply with the measures to control the COVID-19 outbreak as announced by the Russian government; and
- (iii) the voluntary announcement of the Company dated 15 July 2020 in relation to Tigre de Cristal was allowed to be reopened for business from 16 July 2020 onwards and the gaming areas, the hotel and other amenities were permitted to resume operations according to respective measures recommended by the Russian Government,

they were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group was made up to.

### 5. FINANCIAL AND TRADING PROSPECT

As the Latest Practicable Date, the Group is principally engaged in operation of hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region (“IEZ Primorye”) in the Russian Federation which is currently the only one operating and reportable segment of the Group as disclosed in the annual report of the Company for the year ended 31 December 2019.

Looking forward to the year ending 31 December 2020, the Group expects to encounter all sorts of adversities as the global market continues to be affected by unpredictable economic and political risks, including but not limited to the prolonged trade dispute between the USA and the PRC and the COVID-19 outbreak that will have a severe negative impact on every business sector of the world and significantly slow down global economic growth.

As part of the efforts to contain the COVID-19 outbreak, the Russian government implemented a temporary entry ban for Chinese nationals, including passport holders from Hong Kong and Macau, which had an adverse impact on the Group's visitations in the start of 2020 and a negative impact on the Group's rolling chip business in particular. The Russian government has also announced a number of measures to control the COVID-19 outbreak. The Group has been following the suggestions of the Russian government by temporarily suspending its gaming operations since 28 March 2020. The hotel operations of the Group continues to serve in a limited capacity during the period. Despite the aforementioned, the company has developed a diverse customer base and is not overly reliant on one feeder market or gaming segment. As set out in the voluntary announcement of the Company dated 15 July 2020, Tigre de Cristal is allowed to be reopened for business from 16 July 2020 onwards. The gaming areas, hotel and other amenities have been permitted to resume operations in accordance with measures recommended by the Russian government. Various precautionary and control measures have been implemented globally and the situations in different countries including the Russian Federation are constantly evolving as at the Latest Practicable Date. As such, any potential future impact from COVID-19 on the Group's operations is uncertain and impossible to quantify due to the constantly evolving and unpredictable reactions, such as travel, tourism or business operation related restrictions, from different governments such as the Russian government. Besides, the Group has no bank borrowings and retains adequate cash reserves for meeting its working capital requirements and long-term sustainable development which the Company considers there would not be a high pressure on the liquidity of the Group.

Despite the uncertainties of the global economic outlook and the existing challenging global environment, the Group is prudently optimistic about the prospects of the hotel and gaming business in the IEZ Primorye and believes the market will continue to grow over the long term. The Group will firmly grasp the development opportunities in Tigre de Cristal although its enhancements have been inevitably slowed by the delays in deliveries of materials and other logistical constraints caused by the recent COVID-19 outbreak.

Going forward, the Group expects more integrated resort operators will come to the market and the Group will invite more traditional VIP room promoters to the property and believe that they will follow the Group's lead into the Russian market. This is in line with the Group's strategy to move up the VIP value chain, together with more lodging, gaming choices, and amenities in the zone which will increase the draw for both VIP and mass customers. The Group is targeting on opening its next property in the IEZ Primorye in 2022. As discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE SUBSCRIPTION" in this Prospectus, this new integrated resort is expected to double the VIP and mass gaming tables, slots, and have at least twice the lodging capacity of its first property. The plans include four restaurants and bars, additional retail offerings, and an indoor beach club and spa. The Group continues to enjoy a constructive dialogue and relationship with relevant Russian officials at the provincial and national levels and does not expect adverse changes in relevant legislation for the foreseeable future.

Meanwhile, the Group will continue enhancing its geographical coverage by adopting a prudent investment approach to consider all potential mergers or acquisitions opportunities or cooperation with strong potential partners to strengthen its position in the operation of hotel and gaming business industry that maximizes shareholders' returns in the long term. The Company has been considering expediting its expansion in other overseas markets to further broaden its sources of income. In order to realize the further development of the Company, and to strike a balance between risk and revenue to achieve the long-term development objectives of the Company, the Directors will periodically review the performance and prospects of the Group's investments and businesses and may explore other expansion opportunities in order to enhance the long-term growth potential of the Group.



## UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (“**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 30 June 2020.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020, as extracted and derived from the unaudited condensed consolidated statement of financial position as at 30 June 2020 included in the Group’s interim report for the six-month period ended 30 June 2020 dated 24 August 2020, and is adjusted for the effect of the Rights Issue as if the Rights Issue had taken place on 30 June 2020.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 or at any future dates immediately after the completion of the Rights Issue.

|   | Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2020<br><i>HK'000</i><br><i>(Note 1)</i> | Estimated net proceeds from the Rights Issue<br><i>HK'000</i><br><i>(Note 2)</i> | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue<br><i>HK'000</i> | Unaudited Consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2020<br><i>HK\$</i><br><i>(Note 3)</i> | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2020 immediately after the completion of the Rights Issue<br><i>HK\$</i><br><i>(Note 4)</i> |
|---|--|--|--|--|--|
| Based on 2,705,666,754 Rights Shares at subscription price of HK\$0.60 per Rights Share | 1,320,983  | 1,618,420  | 2,939,403  | 0.73   | 0.65   |

*Notes:*

- (1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$1,320,983,000 as at 30 June 2020 is based on the unaudited consolidated net assets of the Group attributable to owners of the Company of HK\$1,597,413,000 as at 30 June 2020 less operating right of HK\$276,430,000 attributable to the owners of the Company, as at 30 June 2020 as extracted and derived from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2020 set out in the Group's interim report for the six-month period ended 30 June 2020 dated 24 August 2020.
- (2) The estimated net proceeds from the Rights Issue of the minimum number of Rights Shares of approximately HK\$1,618,420,000 are based on 2,705,666,754 Rights Shares to be issued (which is based on 1,803,777,836 Shares in issue as at the Latest Practicable Date and assuming no Share Options would be exercised during the period after the Latest Practicable Date) at the subscription price of HK\$0.60 per Rights Share and after deduction of the estimated related expenses of approximately HK\$4,980,000.
- (3) The calculation of the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2020 per Share is based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of approximately HK\$1,320,983,000 as set out in Note 1 above divided by 1,803,777,836 Shares in issue as at 30 June 2020.
- (4) The number of Shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company immediately after the completion of the Rights Issue (based on the minimum number of Rights Shares to be issued) is calculated based on 4,509,444,590 Shares in issue immediately after the completion of the Rights Issue, which comprise the existing 1,803,777,836 Shares in issue as at 30 June 2020 and 2,705,666,754 Shares to be issued pursuant to the Rights Issue.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON UNAUDITED PRO  
FORMA FINANCIAL INFORMATION

*The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.*

**Deloitte.****德勤**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**To the Directors of Summit Ascent Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Summit Ascent Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 18 September 2020 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue of the Company (the “**Proposed Transaction**”) on the Group's financial position as at 30 June 2020 as if the Proposed Transaction had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's interim report for the six-month period ended 30 June 2020 dated 24 August 2020, on which a review report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
18 September 2020

**1. RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the allotment and issue of the Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the completion of the Rights Issue) will be as follows:

- i. As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

|                      |                          |                    |
|----------------------|--------------------------|--------------------|
| <i>Authorised:</i>   |                          | <i>HK\$</i>        |
| <u>6,000,000,000</u> | Shares of HK\$0.025 each | <u>150,000,000</u> |

*Issued and paid-up share capital:*

|                      |                          |                   |
|----------------------|--------------------------|-------------------|
| <u>1,803,777,836</u> | Shares of HK\$0.025 each | <u>45,094,446</u> |
|----------------------|--------------------------|-------------------|

- ii. The following table illustrates the share capital structure of the Company immediately after the completion of the proposed Rights Issue (assuming no other issue or repurchase of Shares from the Latest Practicable Date to completion of the Rights Issue) will be as follows:

|                      |                          |                    |
|----------------------|--------------------------|--------------------|
| <i>Authorised:</i>   |                          | <i>HK\$</i>        |
| <u>6,000,000,000</u> | Shares of HK\$0.025 each | <u>150,000,000</u> |

*Issued and paid-up share capital:*

|                      |   |                    |
|----------------------|---|--------------------|
| 1,803,777,836        | Shares of HK\$0.025 each  | 45,094,446         |
| <u>2,705,666,754</u> | Rights Shares to be allotted and issued upon completion of the Rights Issue | <u>67,641,669</u>  |
| <u>4,509,444,590</u> |   | <u>112,736,115</u> |

All the Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with each other and the then existing Shares in issue in all respects including rights to dividends, voting and return of capital.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

The Company had not issued any Shares since 31 December 2019, being the end of the last financial year of the Company, and up to the Latest Practicable Date.

The Company has applied to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, save for the Share Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

### **3. DISCLOSURE OF INTERESTS**

#### **a) Interest of Directors**

As at the Latest Practicable Date, the interests and short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken under such provisions of the SFO), or (ii) were recorded in the register required to be kept under section

352 of the SFO, or (iii) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules and as required to be disclosed pursuant to the Takeovers Code were as follows:

*Long position in the Shares and underlying Shares*

| Name               | Capacity                            | Number of Shares held     | Number of underlying Shares | Total         | Approximate percentage of interest as at the Latest Practicable Date (%)<br>(Note 1) |
|--------------------|-------------------------------------|---------------------------|-----------------------------|---------------|--|
| Mr. Chau           | Interest of controlled corporations | 3,182,476,218<br>(Note 2) | –                           | 3,182,476,218 | 176.43   |
| Dr. U Chio Ieong   | Beneficial owner                    | 40,906,000                | –                           | 40,906,000    | 2.26   |
| Mr. Li Chak Hung   | Beneficial owner                    | 400,000                   | 1,000,000<br>(Note 3)       | 1,400,000     | 0.07   |
| Mr. Lau Yau Cheung | Beneficial owner                    | –                         | 1,000,000<br>(Note 3)       | 1,000,000     | 0.05   |

*Notes:*

1. Based on 1,803,777,836 Shares issued as at the Latest Practicable Date.
2. These 3,182,476,218 Shares represent 49,302,000 Shares beneficially owned by Suncity, 397,006,464 Shares beneficially held by Victor Sky, a wholly-owned subsidiary of Suncity, 73,953,000 Committed Shares and 595,509,696 Committed Shares that each of Suncity and Victor Sky has irrevocably and unconditionally undertaken to the Company that, among other things, each of them shall subject to the granting of the Whitewash Waiver by the Executive, accept in full pursuant to the Irrevocable Undertaking, and 2,066,705,058 Underwritten Shares committed by Victor Sky pursuant to the Underwriting Agreement (assuming full exercise of all Share Options other than Share Options which are under the Option Holders’ Undertakings on or before the Record Date). As at the Latest Practicable Date, Suncity was 74.87% owned by Fame Select Limited, which is owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. By virtue of the SFO, Mr. Chau is deemed to be interested in the Shares held by Suncity.
3. All underlying Shares are share options granted by the Company on 13 December 2018 under the share options scheme of the Company at the exercise price of HK\$0.98 per Share.



Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) pursuant to the Model Code; or (d) pursuant to the Takeovers Code to be notified to the Company and the Stock Exchange.

**b) Substantial Shareholders and other persons' interests in Shares and underlying Shares**

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following Shareholders other than a Director or chief executive of the Company had an interest or short position in the shares and underlying shares of the Company, (a) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, (b) who was, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group or had any options in respect of such securities.

*Long position in the Shares and underlying Shares*

| Name                | Beneficial owner | Interest of controlled corporations | Underwriter               | Other interest          | Total         | Approximate percentage of interest as at the Latest Practicable Date (%)<br>(Note 1) |
|---------------------|------------------|-------------------------------------|---------------------------|-------------------------|---------------|--|
| Suncity             | 49,302,000       | 3,059,221,218<br>(Note 2)           | -                         | 73,953,000<br>(Note 3)  | 3,182,476,218 | 176.43   |
| Victor Sky          | 397,006,464      | -                                   | 2,066,705,058<br>(Note 4) | 595,509,696<br>(Note 5) | 3,059,221,218 | 169.60   |
| Fame Select Limited | -                | 3,182,476,218<br>(Note 6)           | -                         | -                       | 3,182,476,218 | 176.43   |
| Mr. Cheng Ting Kong | -                | 3,182,476,218<br>(Note 6)           | -                         | -                       | 3,182,476,218 | 176.43   |

*Notes:*

1. Based on 1,803,777,836 Shares issued as at the Latest Practicable Date.
2. These 3,059,221,218 Shares represent 397,006,464 Shares beneficially held by Victor Sky, 595,509,696 Committed Shares that Victor Sky has irrevocably and unconditionally undertaken to the Company that, among other things, it shall subject to the granting of the Whitewash Waiver by the Executive, accept in full pursuant to the Irrevocable Undertaking, and 2,066,705,058 Underwritten Shares committed by Victor Sky pursuant to the Underwriting Agreement (assuming full exercise of all Share Options other than Share Options which are under the Option Holders' Undertakings on or before the Record Date).
3. These 73,953,000 Shares represent the number of Committed Shares that Suncity has irrevocably and unconditionally undertaken to the Company that, among other things, it shall subject to the granting of the Whitewash Waiver by the Executive, accept in full pursuant to the Irrevocable Undertaking.
4. These 2,066,705,058 Shares represent the number of Underwritten Shares committed by Victor Sky pursuant to the Underwriting Agreement (assuming full exercise of all Share Options other than Share Options which are under the Option Holders' Undertakings on or before the Record Date).
5. These 595,509,696 Shares represent the number of Committed Shares that Victor Sky has irrevocably and unconditionally undertaken to the Company that, among other things, it shall subject to the granting of the Whitewash Waiver by the Executive, accept in full pursuant to the Irrevocable Undertaking.
6. These 3,182,476,218 Shares represent the number of Shares Suncity is interested in. As at the Latest Practicable Date, Suncity was 74.87% owned by Fame Select Limited, which is owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. By virtue of the SFO, Mr. Chau, Mr. Cheng Ting Kong and Fame Select Limited are deemed to be interested in the Shares held by Suncity.

Save as disclosed above, the Directors and chief executive of the Company are not aware, as at the Latest Practicable Date, of any person (who are not Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or pursuant to the Takeovers Code, or who was, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group.

#### **4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2019 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

**5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

**6. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not expiring or determinable by the Company or any member of the Group within one year without payment of compensation other than statutory compensation.

**7. LITIGATION**

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

**8. EXPERT AND CONSENT**

The following sets out the qualification of the expert who has given opinions, letters or advices included in this Prospectus:

| <b>Name</b>                               | <b>Qualifications</b>        |
|---|------------------------------|
| Deloitte Touche Tohmatsu (“ <b>DTT</b> ”) | Certified Public Accountants |

DTT has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report and reference to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, DTT did not have any shareholding, directly or indirectly, in any member of the Group nor did DTT have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, DTT did not have any direct or indirect interest in any assets which had been, since 31 December 2019 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

**9. MATERIAL CONTRACTS**

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group within the two years immediately preceding the issue of this Prospectus:

- (i) the placing agreement dated 25 July 2019 entered into between the Company as issuer and Kingston Securities Limited as placing agent, in relation to the placing of a maximum of 300,000,000 Shares to not less than six places at a price of HK\$1.01 per Share;
- (ii) the Placing Agreement;
- (iii) the Underwriting Agreement; and
- (iv) the Subscription Agreement.

**10. EXPENSES**

The expenses in connection with the Rights Issue and the Whitewash Waiver, including but not limited to the financial advising fees, printing, registration, legal, accounting and documentation charges, etc. are estimated to be approximately HK\$4.98 million and are payable by the Company.

**11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE**

|   |  |
|---|--|
| <b>Registered office</b>  | Clarendon House<br>Church Street<br>Hamilton HM 11<br>Bermuda  |
| <b>Head office and principal place of business in Hong Kong</b> | Unit 1704, 17th Floor<br>West Tower<br>Shun Tak Centre<br>200 Connaught Road Central<br>Hong Kong                      |
| <b>Principle share registrar and transfer office</b>            | MUFG Fund Services (Bermuda) Limited<br>4th Floor North<br>Cedar House<br>41 Cedar Avenue<br>Hamilton HM 12<br>Bermuda |

|   |  |
|---|--|
| <b>Hong Kong branch share registrar and transfer office</b> | Computershare Hong Kong Investor Services Limited<br>Shops 1712–1716<br>17th Floor<br>Hopewell Centre<br>183 Queen’s Road East<br>Wanchai<br>Hong Kong |
| <b>Company secretary</b>                                    | Ms. Ho Siu Pik<br>( <i>FCIS, FCS</i> )<br>Level 54, Hopewell Centre<br>183 Queen’s Road East<br>Hong Kong  |
| <b>Authorised representatives</b>                           | Mr. Lo Kai Bong<br>Mr. Chiu King Yan   |
| <b>Principal bankers</b>                                    | Dah Sing Bank, Limited<br>Bank of Communications (Hong Kong) Limited<br>PJSC Bank Primorye Alfa-Bank<br>Primsotsbank                                   |
| <b>Auditor and reporting accountant</b>                     | Deloitte Touche Tohmatsu<br><i>Certified Public Accountants</i><br>35/F, One Pacific Place<br>88 Queensway<br>Admiralty<br>Hong Kong                   |
| <b>Financial adviser to the Company</b>                     | Merdeka Corporate Finance Limited<br>Room 1108–1110<br>11/F Wing On Centre<br>111 Connaught Road Central<br>Central<br>Hong Kong                       |
| <b>Legal advisers to the Company as to Hong Kong laws</b>   | Chiu & Partners<br>40/F, Jardine House<br>1 Connaught Place<br>Central<br>Hong Kong  |

**Placing Agent**

Merdeka Securities Limited  
Room 1108–1110  
11/F, Wing On Centre  
111 Connaught Road Central  
Central  
Hong Kong

**The Underwriter**

Victor Sky Holdings Limited  
Vistra Corporate Services Centre  
Wickhams Cay II, Road Town  
Tortola, VG1110  
British Virgin Islands

*Correspondence address:*

Unit 1705, 17th Floor  
West Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

**Director of the Underwriter**

Mr. Chau Cheok Wa  
Unit 1705, 17th Floor  
West Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

**Ultimate controlling shareholder of  
the Underwriter**

Suncity Group Holdings Limited, an exempted  
company incorporated in the Cayman Islands  
with limited liability, the shares of which are  
listed on the Main Board of the Stock Exchange  
(stock code: 1383)

Unit 1705, 17th Floor  
West Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

**The directors of Suncity**

| <b>Name</b>                            | <b>Address</b>  |
|--|---|
| <b>Executive directors of Suncity</b>  |   |
| Mr. Chau Cheok Wa<br><i>(Chairman)</i> | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |
| Mr. Lo Kai Bong                        | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |
| Mr. Au Chung On John                   | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |
| Mr. Manuel Assis Da Silva              | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |

**Independent non-executive  
directors of Suncity**

|                         |   |
|-------------------------|---|
| Mr. Tou Kin Chuen       | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |
| Dr. Wu Kam Fun Roderick | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |
| Mr. Lo Wai Tung John    | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |

**The directors of Fame Select Limited**

| <b>Name</b>         | <b>Address</b>  |
|---------------------|---|
| Mr. Chau Cheok Wa   | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |
| Mr. Cheng Ting Kong | Unit 1705, 17/F., West Tower, Shun Tak Centre,<br>168–200 Connaught Road Central, Hong Kong |

## 12. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

| <b>Name</b>                                    | <b>Address</b>   |
|--|--|
| <b>Executive Directors</b>                     |  |
| Mr. Lo Kai Bong ( <i>Deputy Chairman</i> )     | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| Mr. Chiu King Yan                              | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| <b>Non-executive Directors</b>                 |  |
| Mr. Chau Cheok Wa ( <i>Chairman</i> )          | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| Mr. Wong Pak Ling Philip                       | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| Dr. U Chio Ieong                               | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| <b>Independent non-executive<br/>Directors</b> |  |
| Mr. Lam Kwan Sing                              | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| Mr. Lau Yau Cheung                             | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| Mr. Li Chak Hung                               | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| <b>Senior Management</b>                       |  |
| Mr. Stylianos Tsifetakis                       | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |
| Mr. Yip Ho Chi                                 | Unit 1704, 17th Floor, West Tower, Shun Tak Centre,<br>200 Connaught Road Central, Hong Kong |



**Executive directors**

**Mr. Lo Kai Bong**, aged 41, was re-designated as an executive Director of the Company and appointed as the Deputy Chairman on 26 April 2019. He is a director of a subsidiary of the Company. He has obtained a Bachelor of Arts degree from the University of Winnipeg in Canada. Mr. Lo is currently an executive director of Suncity, a company listed on the Stock Exchange and the substantial shareholder of the Company. Mr. Lo is also the chief investment officer of the Suncity Group (the “**Suncity Group**”), which is one of Asia’s leading VIP services and entertainment conglomerates. Mr. Lo has been involved in business development of the Suncity Group’s overseas businesses. Mr. Lo is also responsible for the corporate management, mergers and acquisitions of Suncity and the Suncity Group and is experienced in the gaming industry. Mr. Lo was an executive director of Sun International Resources Limited (stock code: 8029) (now known as Sun International Group Limited, “**Sun International**”), a company listed on the GEM of the Stock Exchange, from August 2013 to February 2015. Mr. Lo is a brother-in-law of Mr. Chiu King Yan, executive Director of the Company.

**Mr. Chiu King Yan**, aged 43, was appointed as the executive Director of the Company since 26 April 2019. He is the chief financial officer of Suncity, a company listed on the Stock Exchange and the substantial shareholder of the Company. Mr. Chiu is a director of subsidiaries of the Company. Mr. Chiu has over 20 years of experience in audit, accounting, private equity investment and corporate finance, obtained from his previous working experience in international accounting firms and various listed companies in Hong Kong. Mr. Chiu is an independent non-executive director of ICO Group Limited (stock code: 1460), a company listed on the Stock Exchange since 23 April 2020 and an independent non-executive director of Hailiang International Holdings Limited (stock code: 2336), a company listed on the Stock Exchange since 1 September 2020. Mr. Chiu was an executive director of Wanjia Group Holdings Limited (stock code: 401), a company listed on the Stock Exchange, from March 2017 to February 2018. He was the group chief financial officer of AID Partners Capital Holdings Limited (stock code: 8088) (now known as AID Life Science Holdings Limited), a company listed on the Stock Exchange, from April 2014 to July 2016, responsible for financial reporting, investment management and mergers and acquisitions. Mr. Chiu holds a master’s degree in financial analysis from The Hong Kong University of Science and Technology and a bachelor’s degree in business administration in Accountancy from The City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Chiu is a brother-in-law of Mr. Lo Kai Bong, Executive Director and Deputy Chairman of the Company.

**Non-executive Directors**

**Mr. Chau Cheok Wa**, aged 46, has been the Chairman and a Non-executive Director of the Company since 1 June 2019. He is currently the chairman, executive director and controlling shareholder of Suncity, a company listed on the Stock Exchange and the substantial shareholder of the Company. He was previously an executive director and the chairman of Sun International, a company listed on the GEM of the Stock Exchange and resigned on 5 July 2013. Mr. Chau is also the founder and chairman of the Suncity Group, which is one of Asia’s leading VIP services and entertainment conglomerates.

**Mr. Wong Pak Ling Philip**, aged 56, has been a Non-executive Director of the Company since 1 June 2019. He is currently the chief financial officer of Suncity Group. Mr. Wong has over 30 years of experience in tax, audit, accounting, and corporate finance, obtained from his previous working experience in international accounting firms and various companies in Hong Kong and Macau. Prior to joining the Suncity Group, he was the chief financial officer of Altira Macau from June 2009 to February 2011, a hotel casino owned by Melco Resorts & Entertainment Limited which is a company listed on the NASDAQ Global Select Market (stock code: MLCO). From April 2005 to June 2009, Mr. Wong was the vice president – finance of Galaxy Casino S.A., a subsidiary of Galaxy Entertainment Group Limited (stock code: 27), a company listed on the Stock Exchange. From April 2003 to April 2005, he was the finance director of Huawei Technology Investment Limited, a subsidiary of Huawei Technology Company Limited. Mr. Wong holds a master’s degree in business administration from the Heriot-Watt University in the United Kingdom. He is a member of the Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) and the Institute of Chartered Accountants in England and Wales. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom.

**Dr. U Chio Ieong**, aged 47, has been a non-executive Director of the Company since September 2018. He is a well-rounded businessman and philanthropist with a wealth of experience and connections in various fields. Dr. U has held management positions in a number of private companies in China, Hong Kong and Macau, in which he has shareholding interests. These companies are mainly engaged in real estate, graphene mining, food and beverage, hotels, finance, travel, rosewood furniture and crafts.

Dr. U is a keen supporter of community services and serves as the Standing Member of Fujian Federation of Returned Overseas Chinese, the Deputy Chairman of the International Society of Fuqing Clansmen, Permanent Honorary Chairman of the Macau Society of Fuqing Clansmen, the first Director of the Fujian Province Overseas Chinese Charity Foundation, the second Deputy Chairman of Fujian Overseas Chinese Enterprise Development Foundation, Honorary Deputy Chairman of Fujian Women and Children’s Development Foundation, Executive Vice President of Fuzhou Overseas Chinese Chamber of Commerce, Deputy Chairman of Yongtai County Charity Federation, and Fuqing City Overseas Friendship Association. Dr. U was a member of the Fuzhou Committee of Chinese People’s Political Consultative Conference in Fujian Province, China.

Dr. U is also the Founding Chairman of Benevolence International Charity Association. He was granted the 15th “World Outstanding Chinese Award” by World Chinese Business Investment Foundation. In 2017, Dr. U was granted an Honorary Doctorate Degree in Business Administration by Sabi University, which is an accredited international private university located in Paris, France.

**Independent non-executive Directors**

**Mr. Lam Kwan Sing**, aged 51, has been an independent non-executive Director of the Company since 14 June 2019. He is also the chairman of the remuneration committee and corporate governance committee and a member of the audit committee and nomination committee of the Company. Mr. Lam has obtained a Bachelor of Arts in Accountancy degree from the City University of Hong Kong. He has over 21 years of experience in the commercial and corporate finance field. Currently he is an executive director and chief executive officer of SFund International Holdings Limited, a company listed on the Stock Exchange (stock code: 1367), and is also an independent non-executive director of Hao Tian Development Group Limited, a company listed on the Stock Exchange (stock code: 474). In addition, Mr. Lam is a director of China Natural Resources Inc. since 2003 (a company listed on NASDAQ). Mr. Lam was an executive director of China Smarter Energy Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1004), from 1 August 2010 to 16 August 2017.

**Mr. Lau Yau Cheung**, aged 59, has been an independent non-executive Director of the Company since October 2018. He is also the chairman of the nomination committee and a member of the audit committee and remuneration committee of the Company. Mr. Lau holds a bachelor's degree in commerce from the University of Toronto in Canada. Mr. Lau has over 25 years of experience in business strategies and corporate finance and 6 years of experience in the securities trading business. He has served in various senior management positions with both private and public companies in Hong Kong and overseas. Mr. Lau is currently an independent non-executive director and chairman of the board of the directors of Sandmartin International Holdings Limited ("**Sandmartin**"), a company listed on the Stock Exchange. A winding up petition dated 5 July 2017 was filed by a petitioner against Sandmartin (the "**Petition**"), which was prior to the appointment of Mr. Lau as an independent non-executive director of Sandmartin on 7 August 2017 and chairman of the board of directors of Sandmartin on 18 August 2017. Upon submission of the joint application of the petitioner, Sandmartin and the 2nd and 3rd respondents by way of consent summons dated 21 December 2018, the High Court of Hong Kong had granted an order on 7 January 2019 that the Petition be dismissed. Mr. Lau was an independent non-executive director of Walderly International Holdings Limited (now known as Fullshare Holdings Limited) from September 2005 to August 2006, an executive director of APAC Resources Limited from April 2004 to October 2007 and an executive director of Greenfield Chemical Holdings Limited (now known as Landing International Development Limited) from October 2007 to January 2010, all of these companies are listed on the Stock Exchange. Mr. Lau also serves as the managing director of BH Capitalink Development Limited.

**Mr. Li Chak Hung**, aged 55, has been an independent non-executive Director of the Company since October 2018. He is also the chairman of the audit committee and a member of the corporate governance committee of the Company. Mr. Li is graduated from The Chinese University of Hong Kong and holds a Bachelor's Degree of Business Administration. He is a practicing Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Fellow of The Taxation Institute of Hong Kong. He has over 25 years' experience in accounting, auditing, taxation and financial management. Mr. Li is currently an independent non-executive director of Asiasec Properties Limited, Sandmartin and Alpha Professional Holdings Limited, and he was an independent non-executive director of DreamEast Group Limited from October 2004 to December 2019 and ChinaVision Media Group Limited (now known as Alibaba Pictures Group Limited) from September 2004 to June 2014, all of them are listed on the Stock Exchange. A winding up petition dated 5 July 2017 was filed by a petitioner against Sandmartin. Upon submission of the joint application of the petitioner, Sandmartin and the 2nd and 3rd respondents by way of consent summons dated 21 December 2018, the High Court of Hong Kong had granted an order on 7 January 2019 that the Petition be dismissed.

### **Senior Management**

**Mr. Stylianos Tsifetakis**, aged 49, is Chief Operating Officer – Russian Operations of the Group and has joined the Group in a senior management capacity since September 2014. Mr. Tsifetakis has over 21 years of experience in the casino and hospitality industry. Prior to joining the Group, he was the Director of Operations at Regency Casino Mont Parnes and a Director at Hyatt Regency Casino, both of which are located in Greece. Mr. Tsifetakis also held senior managerial roles in various world class hotels in multiple jurisdictions including the United Kingdom, Romania and Kazakhstan. Mr. Tsifetakis holds a casino management certificate in Greece and graduated from London South Bank University in the United Kingdom with a Bachelor of Arts (Honours) degree in hotel management.

**Mr. Yip Ho Chi**, aged 50, has been Finance Director of the Company since October 2013. He is a director of a subsidiary of the Company. Prior to joining the Company, Mr. Yip was the chief financial officer of MelcoLot Limited (now known as Loto Interactive Limited), a company listed on the Stock Exchange, from 2009 to 2013. Before this, he had been serving as an executive director, finance director and company secretary of Sandmartin, a company listed on the Stock Exchange, for nine years. Mr. Yip was also an audit manager of Deloitte Touche Tohmatsu with whom he worked for over seven years. Mr. Yip graduated from The University of Hong Kong with a Bachelor of Business Administration degree. He is a fellow member of both the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.

**13. BINDING EFFECT**

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

**14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “8. EXPERT AND CONSENT” in this Appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in Unit 1704, 17th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong during normal business hours (except Saturdays and public holidays) for a period of 14 days from the date of this Prospectus:

- (i) the memorandum of association and the bye-laws of the Company;
- (ii) the interim results announcement of the Company for the six months ended 30 June 2020;
- (iii) the annual reports of the Company for each of the years ended 31 December 2017, 2018 and 2019;
- (iv) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (v) the written consent referred to in the paragraph headed “8. EXPERT AND CONSENT” in this Appendix III;
- (vi) the material contracts referred to in the paragraph headed “9. MATERIAL CONTRACTS” in this Appendix III;
- (vii) the Irrevocable Undertaking;
- (viii) the Option Holders' Undertakings;
- (ix) the Announcement;
- (x) the announcement of the Company dated 19 August 2019 in relation to, among other things, the completion of a placing of new Shares under the general mandate of the Company;

- (xi) the announcement of the Company dated 15 July 2020 in relation to, among other things, the reopening of business of Tigre de Cristal;
- (xii) the announcement of the Company dated 11 August 2020 in relation to, among other things, certain financial information and management discussion and analysis of the Group for the three months ended 31 March 2020;
- (xiii) the Circular; and
- (xiv) the Prospectus Documents.

**16. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) The English text of this Prospectus shall prevail over the Chinese text in case of inconsistency.