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**SUMMIT ASCENT HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)

(Stock Code: 102)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF AN ADDITIONAL INTEREST
IN THE GAMING AND RESORT DEVELOPMENT PROJECT
IN RUSSIA**

Financial adviser to Summit Ascent Holdings Limited



**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Acquisition is set out on page 17 of this circular. A letter from Odysseus containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition is set out on pages 18 to 28 of this circular.

A notice convening the SGM of Summit Ascent Holdings Limited to be held at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Friday, 13 June 2014 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company convened on the same day and at the same place at 3:00 p.m. shall have been concluded or adjourned) is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the meeting in person, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

27 May 2014

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of 14% and 1% of the equity interests in Oriental Regent by SARL and Firich respectively from Elegant City and the transactions (including amendments to the Investment Agreement) contemplated under the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 23 April 2014 entered into among SARL, New Crescent, Firich, Elegant City and Oriental Regent in respect of the Acquisition
“Additional Funding”	an additional capital amount required by Oriental Regent to continue to fund the Project, which Oriental Regent may determine in accordance with the terms of the Investment Agreement to request the Oriental Regent Shareholders to provide, such amount to be determined by Oriental Regent and notified to the Oriental Regent Shareholders
“Announcement”	an announcement of the Company dated 23 April 2014 in respect of, among others, the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors from time to time
“BVI”	the British Virgin Islands
“Cambodia”	Kingdom of Cambodia
“Company”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability and having its Shares listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the SARL Consideration and the Firich Consideration
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Elegant City”	Elegant City Group Limited, a company incorporated in the BVI with limited liability

DEFINITIONS

“FEC”	Firich Enterprises Co., Ltd., a company incorporated with limited liability in Taiwan and listed on the GreTai Securities Market in Taiwan
“FGCE”	First Gambling Company of the East LLC, a limited liability company established in Russia
“Firich”	Firich Investment Limited, a company incorporated with limited liability in Mauritius and a wholly-owned subsidiary of FEC
“Firich Consideration”	the consideration for the acquisition of a 1% equity interest in Oriental Regent payable by Firich pursuant to the Acquisition Agreement
“Gaming License”	the gaming license awarded to FGCE by the Administration of the Primorye Region, Russia on 6 October 2011 under which FGCE has the right to conduct gaming activities in the IEZ for an indefinite period, which commenced on 22 April 2012
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IEZ”	The Integrated Entertainment Zone of the Primorye Region, Russia
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, namely Mr. Tsui Yiu Wa, Alec, Mr. Pang Hing Chung, Alfred and Dr. Tyen Kan Hee, Anthony, established to advise the Independent Shareholders in respect of the connected transaction regarding the Acquisition
“Independent Financial Adviser” or “Odysseus”	Odysseus Capital Asia Limited, a corporation licensed to carrying out type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the connected transaction regarding the Acquisition
“Independent Shareholders”	the Shareholders other than Mr. Lawrence Ho and his associates and any Shareholder who has a material interest in the Acquisition
“Independent Third Party/(ies)”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent third party/(ies) who is/(are) independent of and not connected with the Company and its connected persons

DEFINITIONS

“Investigation”	the investigation in respect of Mr. Drozdov by Russian authorities related to an allegation of business malpractices in connection with the construction by OOO Vladivostokservis of a solid waste treatment facility constructed in Vladivostok, details of which are set out in the announcement of the Company dated 11 November 2013, and matters arising out of or in connection with that investigation and/or that construction project
“Investment”	the subscription of a 46% interest in the enlarged issued share capital of Oriental Regent by SARL pursuant to the terms and conditions of the Investment Agreement
“Investment Agreement”	the investment and shareholders agreement dated 23 August 2013 entered into among SARL, New Crescent, Firich, Elegant City and Oriental Regent in respect of the Investment
“Last Firich Transaction”	the acquisition of 19,000 shares of Oriental Regent by Firich from Elegant City pursuant to the Investment Agreement, details of which have been set out in the circular of the Company dated 30 September 2013
“Latest Practicable Date”	22 May 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macao Special Administrative Region of the People’s Republic of China
“Mauritius”	The Republic of Mauritius
“Melco”	Melco International Development Limited, a company listed on the main board of the Stock Exchange, being the holding company of New Crescent
“Mr. Drozdov”	Mr. Oleg Drozdov, the sole shareholder of Elegant City
“Mr. Lawrence Ho” or “Mr. Ho”	Mr. Ho, Lawrence Yau Lung, Chairman of the Board and a non-executive director and a substantial shareholder of the Company
“New Crescent”	New Crescent Investments Limited, a company incorporated in the BVI, being a wholly-owned subsidiary of Melco
“Oriental Regent”	Oriental Regent Limited, a company incorporated in Hong Kong with limited liability
“Oriental Regent Group”	collectively, Oriental Regent and FGCE

DEFINITIONS

“Oriental Regent Shareholder(s)”	the shareholder(s) of Oriental Regent
“Project”	the casino and resort complex on a parcel of land identified as Lot 9 situated in the IEZ, with a land area of approximately 90,455m ² and total planned gross floor area of approximately 31,630m ²
“Russia”	The Russian Federation
“SARL”	Summit Ascent Russia Limited, a company incorporated in the BVI, being a wholly-owned subsidiary of the Company
“SARL Consideration”	the consideration for the acquisition of a 14% equity interest in Oriental Regent payable by SARL pursuant to the Acquisition Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Friday, 13 June 2014 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company convened on the same day and at the same place at 3:00 p.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, approving the Acquisition
“Share(s)”	the ordinary share(s) of HK\$0.05 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RUB”	Russian Rouble(s), the lawful currency of Russia
“US\$”	American dollar(s), the lawful currency of the United States of America
“m ² ”	square meter(s)
“%”	per cent.

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rates of US\$1 = RUB35.9, US\$1 = HK\$7.75 and RUB1 = HK\$0.22. Percentages and figures expressed have been rounded. No representation is made that any amounts in US\$, RUB or HK\$ can be or could have been converted at the relevant dates at the above or any other rates or at all.

LETTER FROM THE BOARD



SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 102)

Non-executive Director:

Mr. Ho, Lawrence Yau Lung (*Chairman*)

Executive Director:

Mr. Wang, John Peter Ben (*Deputy Chairman*)

Independent Non-executive Directors:

Mr. Tsui Yiu Wa, Alec

Mr. Pang Hing Chung, Alfred

Dr. Tyen Kan Hee, Anthony

Registered office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head office in Hong Kong:

Room 3701, 37th Floor
The Centrium
60 Wyndham Street
Hong Kong

*Principal place of business
in Hong Kong:*

6th Floor
Victoria Centre
15 Watson Road
Hong Kong

27 May 2014

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF AN ADDITIONAL INTEREST
IN THE GAMING AND RESORT DEVELOPMENT PROJECT
IN RUSSIA**

(A) INTRODUCTION

Reference is made to the announcements of the Company dated 17 October 2013, 31 October 2013 and 11 November 2013 and the circular of the Company dated 30 September 2013 in relation to, among other things, the subscription of a 46% of the equity interest in the enlarged issued share capital of Oriental Regent by SARL, a wholly-owned subsidiary of the Company, and the investment in a gaming and resort development project in the Primorye Region of Russia. Reference is also made to the Announcement and an announcement of the Company dated 23 April 2014 in respect of, among others, the non-legally binding memorandum of understanding dated 23 April 2014 entered into between Oriental Regent and China Construction (Russia) Company Limited.

Following completion of the Investment and subsequent investment as contemplated by the Investment Agreement, Oriental Regent became and remained as at the Latest Practicable Date owned by SARL, New Crescent, Firich and Elegant City as to 46%, 5%, 19% and 30% respectively.

LETTER FROM THE BOARD

As mentioned in the announcement of the Company dated 11 November 2013, Mr. Drozdov has been detained for reason unrelated to the Project. The unexpected detention of Mr. Drozdov has created unforeseen financing constraints in respect of the Project on the part of Elegant City. The Oriental Regent Shareholders are endeavouring to resolve those constraints, in the interests of all the Oriental Regent Shareholders and their respective shareholders. As set out in the Announcement, after arms' length negotiations and taking into account the financial position of Elegant City, on 23 April 2014, SARL, New Crescent, Firich, Elegant City and Oriental Regent entered into the Acquisition Agreement, pursuant to which (i) SARL and Firich have conditionally agreed to acquire and Elegant City has conditionally agreed to sell 14% and 1% of the equity interests in Oriental Regent respectively; and (ii) the parties to the Investment Agreement have agreed to amend certain terms of the Investment Agreement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition Agreement (and the transactions contemplated thereunder); (ii) a letter of recommendation from the Independent Board Committee in relation to the Acquisition; (iii) a letter of advice from the Independent Financial Adviser in relation to the Acquisition; and (iv) the notice of SGM.

(B) THE ACQUISITION

The Acquisition Agreement

Date: 23 April 2014

Parties: (1) SARL; (2) New Crescent; (3) Firich; (4) Elegant City; and (5) Oriental Regent

Assets to be acquired

Pursuant to the Acquisition Agreement, SARL and Firich have conditionally agreed to acquire and Elegant City has conditionally agreed to sell 14% and 1% of the equity interests in Oriental Regent respectively.

The Consideration

The SARL Consideration and the Firich Consideration shall be US\$20,244,000 (equivalent to approximately HK\$156,891,000) and US\$1,446,000 (equivalent to approximately HK\$11,207,000) respectively. The Consideration was mutually agreed among SARL, Firich and Elegant City based on commercial consideration and was negotiated on arms' length basis and has been determined based on, among other things, a valuation of two times the consolidated net asset value of Oriental Regent as at 31 December 2013. The Company considers such bases in arriving at the SARL Consideration reasonable in light of (i) the SARL Consideration has made reference to the consideration paid by Firich (an independent third party at that time) under the Investment, which was two times the proportionate consolidated net asset value of Oriental Regent upon completion of the Investment; (ii) the opening risk is comparatively lower by now as progress has been made to the Project since completion of the Investment in October 2013 and the casino is targeted to open in the last quarter of 2014; and (iii) the prevailing implied price-to-book ratio of over 10 times of the Company, the assets of which mainly comprise the Project, is significantly above the valuation of two times the consolidated net asset value of Oriental Regent as at 31 December 2013. Pursuant to the Investment Agreement, the consideration paid by SARL, Firich and New Crescent for the 46%, 19% and 5% of the equity interests in Oriental Regent were approximately US\$24.0 million (equivalent to approximately HK\$186.0 million) (which represented one time the proportionate consolidated net asset value of Oriental Regent upon completion of the Investment), US\$19.8 million (equivalent to approximately HK\$153.5 million) and US\$2.6 million (equivalent to approximately HK\$20.2 million).

LETTER FROM THE BOARD

The SARL Consideration will be payable in cash by SARL to Elegant City on the Completion Date in the following manner:

- (i) an amount equal to the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City pursuant to the request for the Additional Funding to be made by Oriental Regent as referred to below in the section headed "The Additional Funding" (or, if the SARL Consideration is less than the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City, the entire SARL Consideration) shall be paid, at Elegant City's direction, by SARL directly to Oriental Regent as settlement for the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City; and
- (ii) the remaining balance of the SARL Consideration, if any, shall be paid by SARL to Elegant City.

The Firich Consideration will be payable in cash by Firich to Elegant City on the Completion Date in the following manner:

- (i) if the SARL Consideration is less than the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City pursuant to the request for the Additional Funding to be made by Oriental Regent as referred to below in the section headed "The Additional Funding", an amount equal to such shortfall shall be paid by Firich directly to Oriental Regent as settlement for the remaining part of the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City; and
- (ii) the remaining balance of the Firich Consideration, if any, shall be paid by Firich to Elegant City.

The SARL Consideration is expected to be funded by the internal resources of the Group and/or cash from issuing new equity by the Group.

The Additional Funding

As set out in an announcement of the Company dated 23 April 2014 in relation to, among other things, the update on the Project, the revised total capital expenditure of the Project (including pre-opening expenses but exclusive of value-added tax) is projected to be approximately US\$172 million (equivalent to approximately HK\$1,333 million), representing an increase from the previous estimate of US\$130 million (equivalent to approximately HK\$1,008 million) as set out in the circular of the Company dated 30 September 2013. The revision was as a result of further investigation and cost analysis of Phase 1 of the Project by the management of Oriental Regent, after taking into account the new re-design which is considered by the Directors to be necessary to bring the casino resort to an international standard. The increase in total capital expenditure is mainly attributable to the design changes, equipment and furniture upgrades, enhancement of casino security and surveillance systems as well as increase in material and labour costs.

After discussions with various banks and because of the high cost of bank financing involved at the current stage of the Project, the management of Oriental Regent consider that Oriental Regent may need to request additional financing from the Oriental Regent Shareholders.

LETTER FROM THE BOARD

Set out below is an illustration of the investment made or deemed to have been made (i) upon completion of the Investment and contribution of the subsequent funding immediately after completion of the Investment; and (ii) upon Completion, by the Oriental Regent Shareholders; and (iii) outstanding required investment to be made by the Oriental Regent Shareholders:

	SARL	New Crescent	Firich	Elegant City	Total
(i) Upon completion of the Investment and contribution of the subsequent funding immediately after completion of the Investment					
– US\$ (<i>million</i>)	32.5	3.5	13.4	21.2	70.6
– HK\$ equivalent (<i>million</i>)	251.9	27.1	103.9	164.3	547.2
(ii) Upon Completion					
– US\$ (<i>million</i>)	42.4	3.5	14.1	10.6	70.6
– HK\$ equivalent (<i>million</i>)	328.6	27.1	109.3	82.2	547.2
(iii) Outstanding required investment (<i>Note</i>)					
– US\$ (<i>million</i>)	60.8	5.1	20.3	15.2	101.4
– HK\$ equivalent (<i>million</i>)	471.2	39.6	157.3	117.8	785.9
Total investment ((ii)+(iii))					
– US\$ (<i>million</i>)	103.2	8.6	34.4	25.8	172.0
– HK\$ equivalent (<i>million</i>)	799.8	66.7	266.6	200.0	1,333.1

Note: The amounts represent pro rata proportions of the outstanding required investments based on the respective equity interests in Oriental Regent held by the Oriental Regent Shareholders upon Completion. There is no requirement or obligation on any of the Oriental Regent Shareholders to provide all or any portion of the outstanding required investment. However, according to the provisions of the Investment Agreement, the shareholding interest of any Oriental Regent Shareholder that does not provide its pro rata proportion of the outstanding required investment may be diluted.

It is anticipated that no later than 30 June 2014, Oriental Regent shall notify the Oriental Regent Shareholders in writing of the exact amount of the Additional Funding required by Oriental Regent to fund the Project. The Additional Funding would be requested from the Oriental Regent Shareholders according to their respective pro rata proportions based on their respective equity interests in Oriental Regent immediately upon Completion. For the avoidance of doubt, the request for the Additional Funding would not impose any requirement or obligation on any of the Oriental Regent Shareholders to provide all or any portion of the Additional Funding. However, according to the provisions of the Investment Agreement, the shareholding interest of any Oriental Regent Shareholder that does not provide its pro rata proportion of the Additional Funding may be diluted.

LETTER FROM THE BOARD

Conditions precedent

Completion is subject to the following conditions being satisfied:

- (a) the Company obtaining all necessary consents and approvals (including shareholders' approval) required by the Company under the Listing Rules for the transactions contemplated by the Acquisition Agreement; and
- (b) there having been no breach of any covenant, representation or warranty under the Acquisition Agreement.

Condition (a) above shall not be waived and condition (b) may be waived unilaterally by the non-breaching party. As at the Latest Practicable Date, none of the conditions precedent set out above have been fulfilled or waived (as the case maybe).

Completion

Upon fulfillment and/or waiver of all the conditions precedent set out above, Completion shall take place on the Completion Date (which shall be no later than 15 July 2014 or such other date as may be agreed in writing by SARL, New Crescent, Firich and Elegant City).

Amendments to the Investment Agreement

As a result of the acquisitions of an aggregate 15% equity interest in Oriental Regent by SARL and Firich from Elegant City and with effect from Completion, certain terms of the Investment Agreement shall be amended as described below.

(i) *Board of directors of Oriental Regent and FGCE*

The number of directors of the boards of Oriental Regent and FGCE to be appointed by the relevant Oriental Regent Shareholders will be changed as follows:

	Before Completion		Immediately after Completion	
	<i>Shareholding</i>	<i>Number of directors of the boards of Oriental Regent and FGCE</i>	<i>Shareholding</i>	<i>Number of directors of the boards of Oriental Regent and FGCE</i>
SARL	46%	2	60%	2
Elegant City	30%	2	15%	1
				<i>(Note)</i>
Firich	19%	–	20%	1
New Crescent	5%	1	5%	1
Total	100%	5	100%	5

LETTER FROM THE BOARD

Note: While the Investigation continues and unless and until Mr. Drozdov is exonerated, Elegant City shall not be entitled to appoint a director to either of the boards of Oriental Regent and FGCE and, instead, SARL shall be entitled to appoint an additional director to each of the boards of Oriental Regent and FGCE (being three directors in total appointed by SARL).

(ii) Right of appointment of the board of directors of Oriental Regent and FGCE by Elegant City

In the event that Elegant City holds in aggregate less than 5% of the issued share capital of Oriental Regent, Elegant City shall not be entitled to appoint any director to each board.

The Oriental Regent Shareholders at the relevant time shall negotiate in good faith to determine the appointment right(s) for the vacated board seat(s) amongst them with reference to each of their respective shareholdings in Oriental Regent.

(iii) Quorum for meetings of directors of Oriental Regent and FGCE

The quorum requirements for a meeting of directors of each of Oriental Regent and FGCE are adjusted to four directors, which must include at least one director of each of the relevant company appointed by Elegant City, SARL, New Crescent and Firich respectively.

While the Investigation continues and unless and until Mr. Drozdov is exonerated, the quorum requirements for a meeting of directors of each of Oriental Regent and FGCE are adjusted to three directors, which must include at least one director of each of the relevant company appointed by SARL, New Crescent and Firich respectively.

Save for the above, the provisions of the Investment Agreement shall remain and continue in full force and effect and be binding on the parties to the Investment Agreement.

(C) INFORMATION ON ORIENTAL REGENT AND THE ORIENTAL REGENT GROUP

Casino resort project of the Oriental Regent Group

Oriental Regent is an investment holding company holding 100% of FGCE, which holds a gaming license awarded by the Administration of the Primorye Region to conduct gaming activities in the Integrated Entertainment Zone of the Primorye Region, Russia, pursuant to which the Project is being developed by FGCE. The Primorye Region is in the Far Eastern economic region of Russia and has the city of Vladivostok as its administrative center. The gaming license held by FGCE has been granted for an indefinite period and commenced on 22 April 2012.

As at the Latest Practicable Date, the superstructure (including foundations and shell (floors and roof)) of the main casino and hotel building had already been constructed while most of the internal engineering and finishing works and utility facilities of the main casino and hotel building were still to be completed. The casino and resort complex is expected to have approximately 119 hotel rooms, 800 slot machines, 25 VIP gaming tables, 15 mass market baccarat tables and 25 mass market tables providing other table games in the first year. The casino is targeted to open in the last quarter of 2014.

Financial information of the Oriental Regent Group

Set out below are certain of the consolidated financial information of Oriental Regent and the financial information of FGCE for each of the relevant periods under review as taken from the management accounts of Oriental Regent and FGCE respectively.

LETTER FROM THE BOARD

Oriental Regent

	For the six months ended 31 December 2013	For the year ended 30 June 2013	For the year ended 30 June 2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Loss before taxation and extraordinary items	(5,747,000)	(4,688,000)	(68,000)
Loss after taxation and extraordinary items	(5,442,000)	(4,688,000)	(68,000)

Note: The financial year end of Oriental Regent was changed from 30 June to 31 December during the year ended 31 December 2013.

The consolidated net assets of Oriental Regent as at 31 December 2013 were approximately HK\$560.7 million.

FGCE

	For the six months ended 31 December 2013	For the year ended 30 June 2013	For the year ended 30 June 2012
	<i>RUB</i>	<i>RUB</i>	<i>RUB</i>
Profit/(Loss) before taxation and extraordinary items	(11,303,000) (equivalent to approximately US\$315,000 or approximately HK\$2,487,000)	157,000 (equivalent to approximately US\$4,000 or approximately HK\$35,000)	(2,979,000) (equivalent to approximately US\$83,000 or approximately HK\$655,000)
Profit/(Loss) after taxation and extraordinary items	(10,525,000) (equivalent to approximately US\$293,000 or approximately HK\$2,316,000)	73,000 (equivalent to approximately US\$2,000 or approximately HK\$16,000)	(3,032,000) (equivalent to approximately US\$84,000 or approximately HK\$667,000)

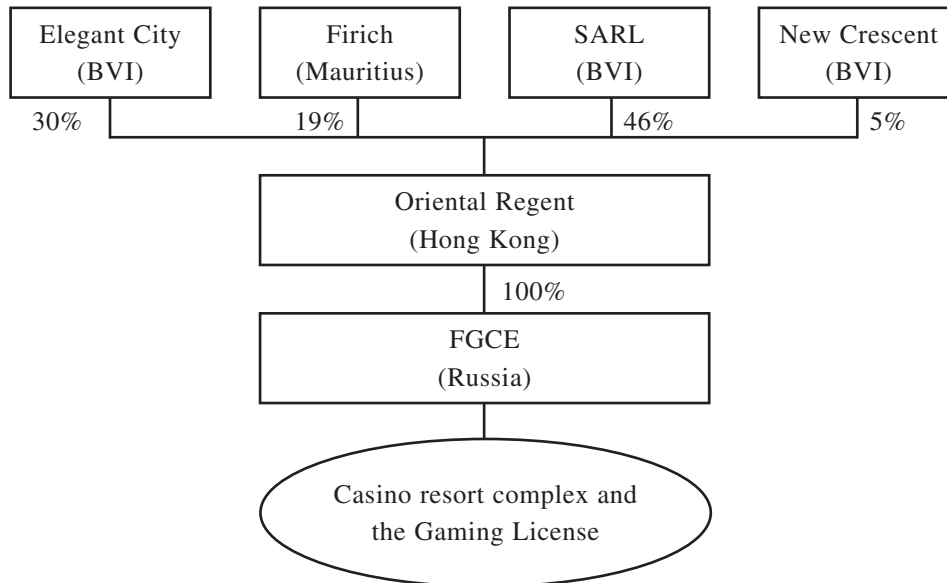
The net assets of FGCE as at 31 December 2013 were approximately RUB869.6 million (equivalent to approximately HK\$191.3 million).

Shareholding structure of the Oriental Regent Group

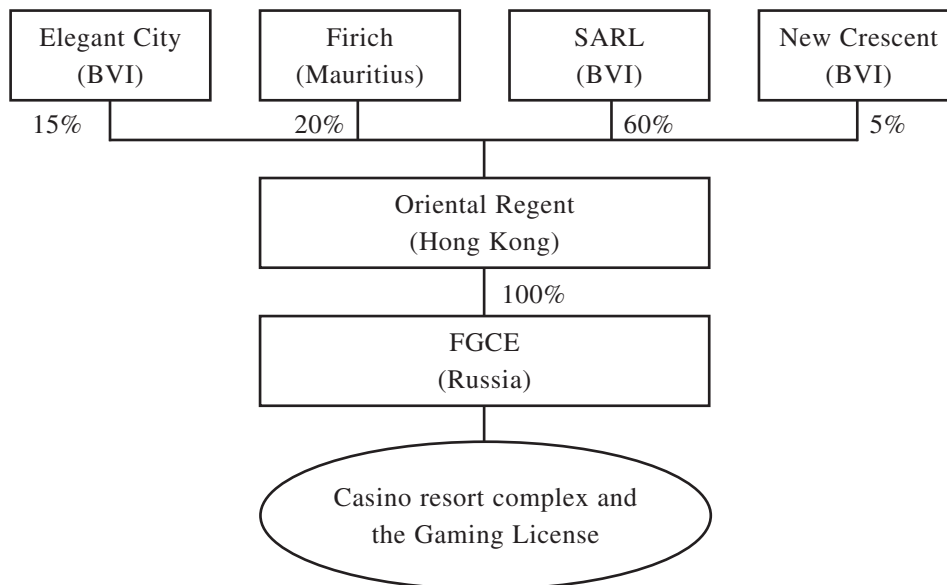
Set out below are the shareholding structure charts of the Oriental Regent Group (i) as at the Latest Practicable Date; and (ii) immediately after Completion.

LETTER FROM THE BOARD

(i) As at the Latest Practicable Date



(ii) Immediately after Completion



LETTER FROM THE BOARD

(D) FINANCIAL EFFECTS OF THE ACQUISITION

Earnings

Upon Completion, the 60%-owned Oriental Regent will continue to be accounted for as a jointly controlled entity of the Company and its results will be equity accounted for in the financial statements of the Group. The Oriental Regent Group recorded no turnover and some pre-opening losses for the six months ended 31 December 2013. The Directors consider that the impact of the Acquisition on the Group's earnings will be minimal immediately upon Completion. Nevertheless, it is anticipated that the Acquisition will have a positive effect on the Group's earnings upon completion of the Project as set out under the section headed "(E) Reasons for and benefits of the Acquisition" below.

Assets and liabilities

Upon Completion, Oriental Regent will continue to be accounted for as a jointly controlled entity in the financial statements of the Group. It is expected that the payment of the Consideration upon Completion will reduce the bank balances and cash and increase the investments in joint ventures correspondingly and there will not be any material impact on the total assets and total liabilities of the Group. On acquisition of further interest in Oriental Regent, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of Oriental Regent is recognised as goodwill, which is included within the carrying amount of the investment in Oriental Regent. The investment in Oriental Regent (including goodwill) will be reviewed for impairment annually or whenever there is an indication that it may be impaired.

(E) REASONS FOR AND BENEFITS OF THE ACQUISITION

As referred to above in the section headed "(A) Introduction" of this letter, Mr. Drozdov has been detained for reason unrelated to the Project and that has created unforeseen financing constraints in respect of the Project on the part of Elegant City. The Oriental Regent Shareholders are endeavouring to resolve those constraints, in the interests of all the Oriental Regent Shareholders and their respective shareholders. After arms' length negotiations and taking into account the financial position of Elegant City, SARL, New Crescent, Firich, Elegant City and Oriental Regent entered into the Acquisition Agreement.

The aggregate of the SARL Consideration and the Firich Consideration of approximately US\$21.7 million (equivalent to approximately HK\$168.2 million) is anticipated to exceed the amount of Elegant City's pro rata proportion of the Additional Funding of approximately US\$15.2 million (equivalent to approximately HK\$117.8 million), based on the revised total capital expenditure of the Project (including pre-opening expenses but exclusive of value-added tax) of US\$172 million (equivalent to approximately HK\$1,333 million) and assuming the Additional Funding will be entirely financed by the Oriental Regent Shareholders.

The proposed further acquisition of 14% of the equity interest in Oriental Regent allows the Company to gain further exposure to this potentially rewarding Project. The proposed casino resort has the advantage of being geographically close to the target feeder markets, i.e. the three Chinese provinces in Northeastern China, namely, Heilongjiang, Jilin and Liaoning. In addition, Russia currently offers a very

LETTER FROM THE BOARD

favorable tax environment for gaming business compared to other jurisdictions. It is also expected that the Project will give the Company a first mover advantage as the proposed casino resort will most likely be the first legal casino to start operating in the Far Eastern Region of Russia since the ban of gambling in the country (except for the four designated border zones) in 2009. It is anticipated that the Company will be able to secure a satisfactory return for its investment in the Project.

After consultation with the Company's auditors, it is noted that, upon Completion, Oriental Regent will continue to be accounted for as a jointly controlled entity for financial reporting purpose and its results will be equity accounted for in the financial statements of the Group on the basis that SARL will continue, whether before or after Completion, not to have the ability to direct the relevant activities of Oriental Regent unilaterally but subject to the mutual consents among the Oriental Regent Shareholders in making the decisions on significant decisions and/or transactions.

The Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole and that the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable.

(F) INFORMATION IN RESPECT OF THE PARTIES

The Company has been engaged in trading of tiles and engineering operations products. SARL is an investment holding company and a wholly-owned subsidiary of the Company. It is a special purpose company which has been established for the purpose of making the investment in the Project and does not have any other assets.

New Crescent is an investment holding company and a wholly-owned subsidiary of Melco International Development Limited, which is listed on the Stock Exchange, and an associate of Mr. Lawrence Ho, who is a substantial shareholder of the Company. New Crescent is a special purpose company which has been established for making the investment in the Project and does not have any other assets.

Firich is an investment holding company and a wholly-owned subsidiary of FEC. Firich is a special purpose company which has been established for making the investment in the project and does not have any other assets. FEC is a company listed on GreTai Securities Market in Taiwan. It is primarily engaged in the manufacture, installation and maintenance of electronic gaming machines, multi-player gaming terminals, VLT and Lottery POS. Its products are widely deployed in Macau, Mainland China, Taiwan, Korea, the United States of America and a number of European countries. As at the Latest Practicable Date, save for being the holder of a 19% equity interest in Oriental Regent and the possible purchase of approximately US\$35 million (equivalent to approximately HK\$271 million) worth of Shares by FEC and its related parties as disclosed in an announcement of the Company dated 23 April 2014 in relation to, among other things, the possible Share sale by a substantial Shareholder, Firich is an Independent Third Party.

Elegant City is an investment holding company and ultimately owned by Mr. Drozdov, a Russian businessman primarily engaged in construction business in the Primorye Region, Russia. Elegant City's principal investment is its 30% equity interest in Oriental Regent. As at the Latest Practicable Date, save for being the holder of 30% equity interest in Oriental Regent, Elegant City is an Independent Third Party.

LETTER FROM THE BOARD

Oriental Regent is an investment holding company, established under the laws of Hong Kong on 12 August 2010, which currently holds the entire equity interest in FGCE and the Project.

(G) IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Acquisition (after aggregating related transactions in the last 12 months immediately preceding the date of the Announcement) exceed 25% and all of the applicable percentage ratios for the Acquisition are not 100% or more, the Acquisition constitutes a major transaction for the Company. Since the Company has already complied with the major transaction requirements under Chapter 14 of the Listing Rules in respect of the related transactions in the last 12 months immediately preceding the date of the Announcement and all the applicable percentage ratios for the Acquisition (on a stand-alone basis) do not exceed 25%, the Acquisition is only subject to notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

Upon Completion, Oriental Regent will become a subsidiary of the Company for the purpose of the Listing Rules as SARL will hold over 50% equity interest in Oriental Regent, albeit Oriental Regent will continue to be accounted for as a jointly controlled entity for financial reporting purpose and its results will be equity accounted for in the financial statements of the Group.

The Acquisition also constitutes a connected transaction for the Company under Rule 14A.13(1)(b) (i) of the Listing Rules, because New Crescent is a substantial shareholder of Oriental Regent under the Listing Rules and an associate of Mr. Lawrence Ho, Chairman of the Board and a non-executive director and a substantial shareholder of the Company holding 205,856,232 Shares (representing approximately 28.14% of the total issued share capital of the Company) through Quick Glitter Limited, a company which is wholly owned by him, as at the Latest Practicable Date. As one or more of the applicable percentage ratios for the Acquisition are not less than 5% and the total consideration is not less than HK\$10 million, the Acquisition is subject to reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Mr. Ho and his associates and any Shareholder who has a material interest in the Acquisition will abstain from voting in respect of the resolution to be proposed at the SGM to approve the Acquisition. Save for Mr. Ho who did not attend and had abstained from voting on the board meeting in respect of the board resolution approving the Acquisition, none of the Directors have a material interest in the Acquisition who were required to abstain from voting on the board resolution approving the Acquisition.

(H) THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, made up of all independent non-executive Directors, namely, Mr. Tsui Yiu Wa, Alec, Mr. Pang Hing Chung, Alfred and Dr. Tyen Kan Hee, Anthony, has been established to advise the Independent Shareholders in respect of the Acquisition. Odysseus has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM THE BOARD

(I) RECOMMENDATIONS IN RESPECT OF VOTING

The Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole and that the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable. Accordingly, the Directors recommend that the Independent Shareholders vote in favour of the resolution to be proposed at the SGM to approve the Acquisition.

Your attention is drawn to (i) the letter of recommendation from the Independent Board Committee in respect of the Acquisition which is set out on page 17 of this circular; and (ii) the letter of advice from Odysseus in respect of the Acquisition which is set out on pages 18 to 28 of this circular. The Independent Board Committee, having taken into account of the advice and recommendation of Odysseus, considers the terms of the Acquisition Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee and Odysseus recommend that the Independent Shareholders vote in favour of the resolution to be proposed at the SGM to approve the Acquisition.

(J) SGM

The notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

(K) ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendix to this circular.

Yours faithfully,
for and on behalf of
SUMMIT ASCENT HOLDINGS LIMITED
Wang, John Peter Ben
Deputy Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 102)

27 May 2014

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF AN ADDITIONAL INTEREST
IN THE GAMING AND RESORT DEVELOPMENT PROJECT
IN RUSSIA**

We have been appointed as members of the Independent Board Committee to advise you in respect of the terms of the Acquisition, details of which have been set out in the letter from the Board contained in the circular to the Shareholders dated 27 May 2014 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the terms of the Acquisition, and the advice and recommendation of Odysseus in relation to the Acquisition as set out on pages 18 to 28 of the Circular, we are of the opinion that the terms of the Acquisition Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Acquisition.

Yours faithfully

For and on behalf of

the Independent Board Committee

Pang Hing Chung, Alfred

Independent Non-executive

Director

Tsui Yiu Wa, Alec

Independent Non-executive

Director

Tyen Kan Hee, Anthony

Independent Non-executive

Director

LETTER FROM ODYSSEUS

The following is the full text of the letter of opinion from Odysseus Capital Asia Limited to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the transactions contemplated thereunder, for the purpose of incorporation in this circular.



ODYSSEUS CAPITAL ASIA LIMITED

Room 2112-13, Shui On Centre,
6-8 Harbour Road, Wan Chai
Hong Kong

27 May 2014

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF AN ADDITIONAL INTEREST IN THE GAMING AND RESORT DEVELOPMENT PROJECT IN RUSSIA

INTRODUCTION

We refer to our appointment as independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement dated 23 April 2014, details of which are set out in the Letter from the Board (the "Board Letter") contained in the circular dated 27 May 2014 issued by the Company (the "Circular"), of which this letter forms part. Unless otherwise stated, terms used in this letter shall have the same meanings as those defined in the Circular.

Pursuant to the Acquisition Agreement, SARL, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire 14% of the equity interest in Oriental Regent. Upon Completion, SARL will hold 60% equity interest in Oriental Regent and will be the largest shareholder of Oriental Regent. Oriental Regent is an investment holding company holding 100% of FGCE, which holds a gaming license awarded by the Administration of the Primorye Region in Russia. The gaming license enables FGCE to conduct gaming activities in the Integrated Entertainment Zone of the Primorye Region in Russia, where the gaming and resort development project is being developed by FGCE, for an indefinite period since 22 April 2012, when the license was granted to FGCE.

The Acquisition constitutes a major transaction for the Company under the Listing Rules, as one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition, after aggregating related transactions in the last 12 months immediately preceding the date of the Announcement, exceed 25% and all do not exceed 100%. The Company has complied with the major transaction requirements under Chapter 14 of the Listing Rules in respect of the related transactions in the last 12 months immediately preceding the date of the Announcement and all the applicable percentage

LETTER FROM ODYSSEUS

ratios for the Acquisition do not exceed 25% on a stand-alone basis. Accordingly, the Acquisition Agreement is subject to notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, by virtue of New Crescent, being a substantial shareholder of Oriental Regent under Listing Rules as well as an associate of Mr. Lawrence Ho, who is the non-executive Director and Chairman of the Board with 205,856,232 Shares (representing approximately 28.14% of the total issued share capital of the Company) as at the Latest Practicable Date. One or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are not less than 5% and the total consideration is not less than HK\$10 million. Accordingly, the Acquisition Agreement is subject to reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Based on the foregoing, Mr. Ho and his associates will abstain from voting at the SGM to be convened in order to consider, and if thought fit, the approval of the Acquisition Agreement.

The Independent Board Committee comprising three non-executive Directors, namely, Mr. Tsui Yiu Wa, Alec, Mr. Pang Hing Chung, Alfred and Dr. Tyen Kan Hee, Anthony, has been formed to advise the Independent Shareholders on the terms of the Acquisition.

We have been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, and to give our opinion relating the Acquisition as to whether it is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders on how to vote at the SGM.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

LETTER FROM ODYSSEUS

We consider that we have been provided with sufficient information to enable us to reach an informed view. We have not, however, for the purpose of this exercise, conducted any independent verification of such information or any independent in-depth investigation or audit into the business, affairs, financial position or future prospects of the Company, or any of their respective subsidiaries or associates nor have we carried out any independent verification of the information provided by the Company. Our opinion is based on the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions and regulatory framework, in particular those with respect to the Russian market and gaming industry) may affect and/or change this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

i. Background of the Acquisition

On 23 August 2013, SARL, an indirectly wholly-owned subsidiary of the Company, entered into the Investment Agreement in respect of, among others, the subscription of a 46% of the equity interest in the enlarged issued share capital of Oriental Regent by SARL. On 31 October 2013, the aforementioned transaction was completed.

Among the shareholders of Oriental Regent is Mr. Drozdov, a Russian businessman primarily engaged in construction business in the Primorye Region, Russia, with 30% equity interest, immediately after the completion of the Investment Agreement, through his sole ownership in Elegant City. Pursuant to the Company's announcement dated 11 November 2013 (the "November 2013 Announcement"), Mr. Drozdov has been detained for reasons unrelated to the Project.

We believe that Mr. Drozdov's detention has provided a unique opportunity for the Company to further invest in Oriental Regent and the Project. The Acquisition, upon Completion, could reduce the uncertainty of Elegant City's ability to finance the Additional Funding on Elegant City's part for the Project, as referred to the Announcement. The Acquisition also allows the Company to gain further exposure to the Project, which is expected by the Directors to offer a rewarding return given the favorable tax environment and the prospects of the Project as disclosed in the Announcement.

ii. Principal terms of the Acquisition Agreement

The Acquisition Agreement

Date: 23 April 2014

Parties: (1) SARL; (2) New Crescent; (3) Firich; (4) Elegant City; and (5) Oriental Regent

Assets to be acquired

Pursuant to the Acquisition Agreement, SARL and Firich have conditionally agreed to acquire and Elegant City has conditionally agreed to sell 14% and 1% of the equity interests in Oriental Regent respectively.

LETTER FROM ODYSSEUS

The Consideration

The SARL Consideration and the Firich Consideration shall be US\$20,244,000 (equivalent to approximately HK\$156,891,000) and US\$1,446,000 (equivalent to approximately HK\$11,207,000) respectively. As Elegant City is an independent third party to both SARL and Firich, the Consideration was mutually agreed among SARL, Firich and Elegant City based on commercial consideration and was negotiated on arms' length basis which has been determined based on, among other things, the valuation of 2 times the consolidated net asset value of Oriental Regent as at 31 December 2013.

The SARL Consideration will be payable in cash by SARL to Elegant City on the Completion Date in the following manner:

- (a) an amount equal to the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City pursuant to the request for the Additional Funding to be made by Oriental Regent as referred to below in the section headed "Additional Funding" (or, if the SARL Consideration is less than the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City, the entire SARL Consideration) shall be paid, at Elegant City's direction, by SARL directly to Oriental Regent as settlement for the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City; and
- (b) the remaining balance of the SARL Consideration, if any, shall be paid by SARL to Elegant City.

The Firich Consideration will be payable in cash by Firich to Elegant City on the Completion Date in the following manner:

- (a) if the SARL Consideration is less than the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City pursuant to the request for the Additional Funding to be made by Oriental Regent as referred to below in the section headed "Additional Funding", an amount equal to such shortfall shall be paid by Firich directly to Oriental Regent as settlement for the remaining part of the amount of Elegant City's pro rata proportion of the Additional Funding agreed to be provided by Elegant City; and
- (b) the remaining balance of the Firich Consideration, if any, shall be paid by Firich to Elegant City.

The SARL Consideration is expected to be funded by internal resources of the Group and/or cash from the share placement announced by the Company on 24 April 2014, which was completed on 28 April 2014.

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Basis of the Consideration:

The Consideration was mutually agreed among SARL, Firich and Elegant City based on commercial consideration and was negotiated on arms' length basis and has been determined based on, among other things, the valuation of 2 times the consolidated net asset value of Oriental Regent as at 31 December 2013.

In assessing the fairness and reasonableness of the Consideration, we have also analysed the multiples at which the relevant gaming and casino operating and management companies listed on the Stock Exchange are trading over their latest audited net asset values attributable to shareholders. We consider that it is difficult to identify a direct comparable company, however, for the purpose of this analysis, we have shortlisted a list of companies ("Comparable Companies") as set out in the table below based on the following criteria and considerations:

- i) companies listed on the Stock Exchange, to the best of our knowledge, and so far as we are aware of, that are engaged in casino operation and/or management, among other businesses, as the principal activity where revenue derived from such businesses accounts for over 50 percent of total revenue as disclosed in their companies' latest audited reports;
- ii) companies with market capitalization not exceeding HK\$100 billion. Given that the Company's market capitalization was approximately HK\$8.8 billion as at the Latest Practicable Date, we consider that it is not reasonable to compare with companies having a market capitalization of over 10 times that of the Company; and
- iii) companies operate and/or manage casinos that are in operation. Since the construction of the Project's proposed casino and hotel has made progress and it is expected to be open before the end of this year, we believe that it is more reasonable to compare with companies with casinos which are in operation than with those without existing operation.

Whilst this analysis using these Comparable Companies only reflects current market sentiment towards the sector and provides guidance on valuation, our analysis does not take into account differences in accounting policies and standards, different interim financial reporting periods as well as differences in business models and/or tax treatments, nor does it take into account any possible unique characteristic(s) and latest fund raising activities of different companies and no adjustment has been made to account for such differences. Financial information of the Company is prepared in accordance with Hong Kong Financial Reporting Standards.

Except for NagaCorp Limited which has operations and activities primarily in Cambodia, the locations of casinos operated and/or managed by the Comparable Companies are all in Macau. As mentioned above, we believe that there are no direct comparable companies listed on the Stock Exchange with substantial casino operation in Russia, however we have considered our analysis and identified, to the best of our knowledge, an exhaustive list of 5 Comparable Companies based on the above-mentioned selection criteria that we consider to be the closest comparables (after taking into consideration the factors as set out in our selection criteria) to Oriental Regent. We set out in the table below these Comparable Companies and their relevant valuation multiples based on their

LETTER FROM ODYSSEUS

respective market trading prices. The valuation multiples of the Comparable Companies are based on their respective share prices as at the Latest Practicable Date and their respective latest audited net asset values attributable to shareholders.

Company Name	Stock Code	Market Capitalization (HK\$' million)	Net Asset Value ⁽¹⁾ (HK\$' million)	Valuation Multiple ⁽²⁾ (times)
China Star Entertainment Limited	326	1,776	1,635	1.09
Emperor Entertainment Hotel Limited	296	3,882	2,509	1.55
Macau Legend Development Limited	1680	37,386	5,596	6.68
NagaCorp Limited	3918	15,609	4,650 ⁽³⁾	3.36
Paradise Entertainment Limited	1180	6,607	1,148	5.76
			Maximum:	6.68
			Minimum:	1.09
			Average:	3.69
			Median:	3.36
			Consideration:	2.00
The Company	102	8,779	617	14.23

Source: The website of the Stock Exchange (www.hkex.com.hk) and company accounts, 22 May 2014

Notes:

- (1): Net Asset Value = audited consolidated net asset value attributable to shareholders as reported in the company's latest published accounts
- (2): Valuation Multiple = $\frac{\text{Market Capitalization}}{\text{Net Asset Value}}$
- (3): NagaCorp Limited reported in its annual report 2013 as at 31 December 2013 an audited net asset value of approximately US\$599.96 million, which is approximately HK\$4,650 million using the exchange rate of US\$/HK\$ of 7.75.

As illustrated in the above table, the valuation multiples of the Comparable Companies range from approximately 1.09 times to approximately 6.68 times, with an average of approximately 3.69 times and a median of approximately 3.36 times. It is noted that the Consideration basis of valuation multiple of 2 times lies within the range of valuation multiples of the Comparable Companies and is well below the average and the median valuation multiple.

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As of the Latest Practicable Date, the Company was trading at approximately 14.23 times over its latest audited net asset value attributable to shareholders. Therefore, we are of the view that it is value accretive and hence in the Company's interest to purchase additional shareholding in Oriental Regent at 2 times its consolidated net asset value as of 31 December 2013.

As disclosed in the Announcement, the superstructure (including foundations and shell (floors and roof)) of the main casino and hotel building has already been constructed while most of the internal engineering and finishing works and utility facilities of the main casino and hotel building are still to be completed. The casino and resort complex is expected to have approximately 119 hotel rooms, 800 slot machines, 25 VIP gaming tables, 15 mass market baccarat tables and 25 mass market tables providing other table games in the first year. The casino is targeted to open in the last quarter of 2014.

We believe that it was an attractive proposition for the Company when it acquired 46% of the Project in October 2013 when the Company managed to negotiate a very attractive entry cost for the Project, namely at cost, which has substantial earnings potential and prospects. Despite the fact that the Company is now paying more for the 14% interest compared with the previous investment, we believe that it is fair and reasonable and in the interest of the Company to apply the same valuation basis for determining the Consideration as that of the Last Firich Transaction because:

- i) the construction of the casino and hotel has made progress and the casino is expected to be open before the year end. Hence, the Project is now more developed with a shorter investment period and lower opening risk;
- ii) the Consideration was determined based on arm's length negotiation and the fact that the Acquisition could reduce the uncertainty arising from Elegant City's ability to finance the Additional Funding on Elegant City's part of the Project; and
- iii) it is fair to use the Last Firich Transaction as a valuation basis as it was the latest reference valuation for the Project.

Based on the above, we are of the view that the Consideration is fair and reasonable since it allows the Company to gain further exposure to this potentially rewarding Project at a reasonable valuation.

Additional Funding

As set out in the Announcement, the revised total capital expenditure of the Project (including pre-opening expenses but exclusive of value-added tax) is projected to be approximately US\$172 million (equivalent to approximately HK\$1,333 million). The Additional Funding might be requested from the Oriental Regent Shareholders according to their respective pro rata proportions based on their respective equity interests in Oriental Regent immediately upon Completion. Based on the aforementioned revised total capital expenditure of the Project and the total investment funded by Oriental Regent Shareholder of approximately US\$70.6 million (equivalent to approximately HK\$547.2 million) as disclosed in the Board Letter, it is anticipated that Elegant City's pro rata proportion of the Additional Funding shall be approximately US\$15.2 million

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(equivalent to approximately HK\$117.8 million). The SARL Consideration shall therefore be sufficient to fully settle the amount of Elegant City's pro rata proportion of the Additional Funding.

Amendments to the Investment Agreement

As a result of the acquisitions of an aggregate 15% equity interest in Oriental Regent by SARL and Firich from Elegant City and with effect from Completion, certain terms of the Investment Agreement shall be amended as described below.

a. Board of directors of Oriental Regent and FGCE

The number of directors of the boards of Oriental Regent and FGCE to be appointed by the relevant Oriental Regent Shareholders will be changed as follows:

	Before Completion		Immediately after Completion	
	Shareholding	Number of directors of the boards of Oriental Regent and FGCE	Shareholding	Number of directors of the boards of Oriental Regent and FGCE
SARL	46%	2	60%	2
Elegant City	30%	2	15%	1
Firich	19%	–	20%	1
New Crescent	5%	1	5%	1
Total	100%	5	100%	5

While the Investigation continues and unless and until Mr. Drozdov is exonerated, Elegant City shall not be entitled to appoint a director to either of the boards of Oriental Regent and FGCE and, instead, SARL shall be entitled to appoint an additional director to each of the boards of Oriental Regent and FGCE (being three directors in total appointed by SARL).

b. Right of appointment of the board of directors of Oriental Regent and FGCE by Elegant City

In the event that Elegant City holds in aggregate less than 5% of the issued share capital of Oriental Regent, Elegant City shall not be entitled to appoint any director to each board. The Oriental Regent Shareholders at the relevant time shall negotiate in good faith to determine the appointment right(s) for the vacated board seat(s) amongst them with reference to each of their respective shareholdings in Oriental Regent.

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c. Quorum for meetings of directors of Oriental Regent and FGCE

The quorum requirements for a meeting of directors of each of Oriental Regent and FGCE are adjusted to four directors, which must include at least one director of each of the relevant company appointed by Elegant City, SARL, New Crescent and Firich respectively.

While the Investigation continues and unless and until Mr. Drozdov is exonerated, the quorum requirements for a meeting of directors of each of Oriental Regent and FGCE are adjusted to three directors, which must include at least one director of each of the relevant company appointed by SARL, New Crescent and Firich respectively.

Save for the above, the provisions of the Investment Agreement shall remain and continue in full force and effect and be binding on the parties to the Investment Agreement.

Upon Completion, Oriental Regent will continue to be accounted for as a jointly controlled entity for financial reporting purpose and its results will be equity accounted for in the financial statements of the Group on the basis that SARL will continue, whether before or after Completion, not to have the ability to direct the relevant activities of Oriental Regent unilaterally but subject to the mutual consents among the Oriental Regent Shareholders in making the decisions on significant decisions and/or transactions.

iii. Reasons and benefits of entering into the Acquisition

As mentioned above, Mr. Drozdov has been detained for reason unrelated to the Project and that has created unforeseen financing constraints in respect of the Project on the part of Elegant City. The Oriental Regent Shareholders are endeavouring to resolve those constraints, in the interests of all the Oriental Regent Shareholders and their respective shareholders. After arms' length negotiations and taking into account the financial position of Elegant City and the possible Additional Funding, SARL, New Crescent, Firich, Elegant City and Oriental Regent entered into the Acquisition Agreement.

We concur with the Directors' belief that the proposed further acquisition of 14% equity interest in Oriental Regent allows the Company to gain further exposure to this potentially rewarding Project. The proposed casino resort has the advantage of being geographically close to the target feeder markets, i.e. the three Chinese provinces in Northeastern China, namely, Heilongjiang, Jilin and Liaoning. In addition, Russia currently offers a very favorable tax environment for gaming business compared to other jurisdictions. The Directors also expect the Project to give the Company a first mover advantage as the proposed casino resort will most likely be the first legal casino to start operating in the Far Eastern Region of Russia since the ban of gambling in the country (except for the four designated border zones) in 2009. As disclosed in the Announcement, it is anticipated that the Company will be able to secure a satisfactory return for its investment in the Project.

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iv. Other factors considered

As stated above and in the November 2013 Announcement, the Company had received direct assurances from Mr. Sidorov, First Vice Governor of the Primorsky Administration, which administers the gambling zone of the Primorye Region, that the Investigation will not, in any way, affect the Project or the Company's investment in the IEZ. The Company also confirmed that, despite being an indirect minority shareholder, Mr. Drozdov will not have any executive duties and will not act as a director of any of the operating companies involved in the Project.

We concur with the Directors' view that the Acquisition is in the interests of the Company and the Shareholders as a whole and that the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable.

v. Financial Effects

a. Earnings

Upon Completion, the 60%-owned Oriental Regent will continue to be accounted for as a jointly controlled entity of the Company and its results will be equity accounted for in the financial statements of the Group. The Oriental Regent Group recorded no turnover and some pre-opening losses for the six months ended 31 December 2013. Before the project becomes operational and the Oriental Regent Group begins to record net profit, the Acquisition is not expected to contribute any earnings to the Group.

b. Assets and liabilities

Upon Completion, Oriental Regent will continue to be accounted for as a jointly controlled entity in the financial statements of the Group. It is expected that the payment of the Consideration upon Completion will reduce the bank balances and cash and increase the investments in joint ventures correspondingly and there will not be any material impact on the total assets and total liabilities of the Group. On acquisition of further interest in Oriental Regent, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of Oriental Regent is recognised as goodwill, which is included within the carrying amount of the investments in Oriental Regent. The investment in Oriental Regent (including goodwill) will be reviewed for impairment annually or whenever there is an indication that it may be impaired.

RECOMMENDATION

Having considered the above principal factors and reasons, in particular that:

- the Acquisition provides an opportunity for SARL to increase its shareholding in Oriental Regent at a reasonable consideration;

LETTER FROM ODYSSEUS

- the Acquisition was negotiated on arms' length basis with Elegant City which is a third party independent of the Company;
- based on the Company's trading market valuation over its latest audited consolidated net asset value attributable to shareholders, it is already value accretive to purchase additional interest in Oriental Regent at the agreed valuation;
- the Consideration was determined with reference to the valuation of the Last Firich Transaction which is 2 times the consolidated net asset value of Oriental Regent. Such valuation multiple lies within the range of the trading multiples of the Comparable Companies and is well below their average and median trading multiples;
- the SARL Consideration shall be sufficient for the amount of Elegant City's pro rata proportion of the Additional Funding and hence eases the unforeseen financing constraints in respect of the Project on the part of Elegant City; and
- the Acquisition reduces the uncertainty arising from Mr. Drozdov's allegation, despite First Vice Governor of the Primorsky Administration assures that it will not, in any way, affect the Project or the Company's investment in the IEZ,

we are of the view that the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution in relation to the Acquisition at the SGM. We also recommend the Independent Shareholders to vote in favour of the resolution in relation to the Acquisition.

Yours faithfully,
For and on behalf of
Odysseus Capital Asia Limited
Joseph Chu
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short position of each director and chief executive of the Company 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 (a) were required 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 position which the director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(I) Long position in the shares of the Company

Ordinary shares of HK\$0.05 each of the Company

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Approximate % of issued share capital
Mr. Lawrence Ho	Interest of controlled corporation	Corporate	205,856,232	28.14%
Mr. Wang, John Peter Ben	Beneficial owner	Personal	79,949,990	10.93%

(II) Long position in underlying shares of equity derivatives of the Company

Details of share options held by directors and chief executive of the Company are set out below:

Name of Director	Number of share options held at the Latest Practicable Date	Approximate % of issued share capital	Date of grant	Exercise price per share HK\$	Note
Mr. Lawrence Ho	20,000,000	2.73%	10 July 2013	3.46	2
Mr. Wang, John Peter Ben	590,000	0.08%	26 August 2011	0.75	3
Mr. Tsui Yiu Wa, Alec	590,000	0.08%	26 August 2011	0.75	3
Mr. Pang Hing Chung, Alfred	590,000	0.08%	26 August 2011	0.75	3
Dr. Tyen Kan Hee, Anthony	390,000	0.05%	26 August 2011	0.75	3
	22,160,000	3.02%			

Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company was 731,556,918.
- The share options are divided into 4 tranches exercisable from 31 October 2013, 31 October 2014, 31 October 2015 and 31 October 2016 respectively to 9 July 2018.
- The share options are divided into 2 tranches exercisable from 26 August 2011 and 26 August 2012 respectively to 25 August 2021.

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

(b) Interests and short position of Shareholders (of which a Director is a director or employee) in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests and short position of a company (of which a Director is a director or employee) in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

Name of Director	Name of Shareholder	Capacity of Director in Shareholder	Number of ordinary shares held	Approximate % of issued share capital
Mr. Lawrence Ho	Quick Glitter Limited	Director and shareholder	205,856,232	28.14%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group which is not expiring or may not be terminated by any member of the Group within a year without payment of any compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates (as if each of them were treated as a controlling shareholder of the Company under Rule 8.10 of the Listing Rules) had any competing interests in any business, which competes or may compete, either directly or indirectly with the businesses of the Company pursuant to the Listing Rules.

6. MATERIAL INTERESTS IN CONTRACT OR ARRANGEMENT

None of the Directors was materially interested in any contracts or arrangement entered into by any member of the Group which is subsisting at the Latest Practicable Date 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 had been, since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. EXPERT

The following are the qualification of the expert who has given its opinion, letter or advice contained in this circular or whose name is otherwise referred to in this circular:

Name	Qualification
Odysseus	Independent financial adviser, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Odysseus did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Odysseus has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter or the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Odysseus did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up.

8. GENERAL

- (a) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited with its office located at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong.
- (b) In case of inconsistency, the English text of this circular shall prevail over the Chinese text of the same.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office of the Company in Hong Kong at Room 3701, 37th Floor, The Centrium, 60 Wyndham Street, Hong Kong, from the date of this circular and up to and including the date of the SGM:

- (a) the letter of advice from Odysseus to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 28 of this circular;
- (b) the written consent referred to under the paragraph headed “Expert” in this appendix;
- (c) copies of the Acquisition Agreement and the Investment Agreement; and
- (d) this circular.

NOTICE OF SGM



SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 102)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of Summit Ascent Holdings Limited (the “**Company**”) will be held at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Friday, 13 June 2014 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company convened on the same day and at the same place at 3:00 p.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company (capitalized terms used but not defined herein shall have the same meanings as ascribed to them in the circular of the Company dated 27 May 2014):

ORDINARY RESOLUTION

“THAT:

- (a) the purchase by Summit Ascent Russia Limited, a wholly-owned subsidiary of the Company (“**SARL**”), of shares representing a 14% interest in Oriental Regent Limited (“**Oriental Regent**”) (in addition to the existing shares representing a 46% interest in Oriental Regent already owned by SARL) pursuant to the terms and conditions of the acquisition agreement dated 23 April 2014 entered into between (1) SARL, (2) New Crescent Investments Limited, (3) Firich Investment Limited, (4) Elegant City Group Limited, and (5) Oriental Regent (the “**Acquisition Agreement**”) be and is hereby approved;
- (b) the entry into of the Acquisition Agreement by SARL and the performance of its obligations under the Acquisition Agreement be and are hereby approved, confirmed and ratified; and
- (c) any executive director of the Company be and is hereby authorised to arrange for the execution of such documents in such manner as he may consider necessary or desirable and to do, or authorise the Company and/or any subsidiary(ies) (including, without limitation, SARL) to do, whatever acts and things he may consider necessary or desirable or expedient for the purpose of, or in connection with, the implementation of the transactions contemplated by the Acquisition Agreement and/or any matter related thereto, to ratify any documents executed, or action taken, in relation to the Acquisition Agreement, and to make or agree, or authorize the Company and/or any subsidiary(ies) (including, without limitation, SARL) to make or agree, such amendments or variations thereto, and to grant, or authorize the Company and/or any subsidiary(ies) (including, without limitation, SARL) to grant, any

NOTICE OF SGM

waivers of any conditions precedent or other provisions of such documents as any executive director of the Company in his discretion considers to be desirable and in the interests of the Company and/or any subsidiary(ies) (including, without limitation, SARL).”

By Order of the Board of
Summit Ascent Holdings Limited
Tsang Yuen Wai, Samuel
Company Secretary

Hong Kong, 27 May 2014

Head office in Hong Kong:

Room 3701, 37th Floor
The Centrium
60 Wyndham Street
Hong Kong

Principal place of business in Hong Kong:

6th Floor
Victoria Centre
15 Watson Road
Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the SGM is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him/her/it. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting is enclosed.
- (3) The form of proxy must be signed by the member or the member's attorney duly authorised in writing or, in the case of a member which is a corporation, must be under its seal or the hand of an officer or attorney duly authorised.
- (4) The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be lodged at the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the SGM or at any adjourned meeting (as the case may be) should they so wish.
- (5) Where there are joint registered holders of any share(s), any one of such persons may vote at any meeting, either in person or by proxy, in respect of such share(s) as if he/she/it was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members in respect of such share(s) shall be accepted to the exclusion of the votes of the other joint holders.