



SUMMIT ASCENT  
凱升控股有限公司 Holdings Limited

## SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 102

Interim Report 2011

## REPORT OF THE DIRECTORS

The directors have pleasure in submitting the interim report and the unaudited condensed consolidated financial information of Summit Ascent Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011 (the "Period").

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Group Reorganisation

On 20 December 2010, Mr. Michael John Green, Mr. Daniel George Green, the Company's then directors and substantial shareholders, and HSBC International Trustee Limited (the "Vendors") and Delight Max Limited (the "Offeror") signed a share transfer agreement (as amended and supplemented by the supplemental share transfer agreement dated 21 January 2011) whereby the Vendors agreed to sell and the Offeror agreed to purchase 174,367,617 shares of the Company, representing approximately 73.28% of the issued share capital of the Company at the date of completion of the Share Transfer (as defined below) at a cash consideration of HK\$203,678,813 (equivalent to approximately HK\$1.1681 per share of the Company) (the "Share Transfer").

On 20 December 2010, Green Motherlode Limited as purchaser (the "Purchaser") and the Company as vendor signed a disposal agreement (as amended and supplemented by the supplemental disposal agreement dated 21 January 2011) (the "Disposal Agreement") whereby the Purchaser agreed to purchase and the Company agreed to sell the entire issued share capital of Arnhold (B.V.I.) Limited (the "Disposal Company") and all companies in which the Disposal Company has interests (collectively the "Disposal Group") at a cash consideration of HK\$149 million (the "Disposal"). As a result of the Disposal, the Company and its remaining subsidiaries are principally engaged in tiles trading and engineering operations while the Disposal Group carries on the rest of the business operations of the Group, i.e. bathrooms trading; marble and bathroom products manufacturing and export; and bathroom products retail and renovation operations.

Upon completion of the Share Transfer and the Disposal on 22 February 2011, the Offeror owned approximately 73.28% of the issued share capital of the Company as at 22 February 2011. Thereafter, the Offeror made an unconditional mandatory general cash offer for all the shares of the Company not already owned or agreed to be acquired by the Offeror Group (as defined in the composite document dated 28 February 2011) and to make an appropriate offer for all the share options of the Company in accordance with Rules 26.1 and 13 of the Code on Takeovers and Mergers (the "Offers"). Immediately after closing of the Offers on 21 March 2011, the Offeror held a total of 192,873,871 shares of the Company (representing approximately 81.06% of the issued share capital of the Company). As a result of the Offers, the Group continues to engage in tiles trading and engineering operations.

## REPORT OF THE DIRECTORS

### MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

#### Group Reorganisation *(continued)*

On 15 April 2011, the Offeror has distributed in specie of its approximate 81.06% interest in the Company to its ultimate beneficial owners in proportionate to their respective shareholdings in the Offeror (the "Distribution"). Immediately after the Distribution became effective on 15 April 2011, Quick Glitter Limited, Mr. Wang, John Peter Ben (the Chairman and Executive Director of the Company) and the other minority shareholders of the Offeror held approximately 37.15%, 12.92% and 30.99% respectively of the issued share capital of the Company.

Due to the change of controlling shareholder, the Company has changed its name from "Arnhold Holdings Limited" to "Summit Ascent Holdings Limited" and adopted a new Chinese name "凱升控股有限公司" as its secondary name in place of the existing Chinese name "安利控股有限公司" with effect from 16 May 2011.

#### Review of Operations

The Group's turnover of the continuing operations for the Period was HK\$54.4 million with gross profit of HK\$11.2 million (2010: HK\$40.1 million and HK\$7.6 million respectively). The increase was mainly due to the shipment of engineering equipment to a sizable infrastructure project at Wanchai. Operating expenses from continuing operations for the Period was HK\$8.1 million (2010: HK\$7.1 million). The changes were mainly due to the increase in provision for impairment of receivables of HK\$1.5 million which was partly offset by the saving in staff remuneration and other operating expenses. The net result was an improvement in the Group's profit attributable to shareholders for the Period to HK\$2.2 million (2010: HK\$0.9 million).

The Group's outstanding orders on hand amounted to HK\$23.9 million as the Engineering division completed a few sizable projects in the Period (At 31 December 2010: HK\$61.2 million).

#### Segmental Information

Since the trading of tiles and engineering equipment is now the sole business of the Group, segmental analysis will not be applicable. An analysis of the continuing and discontinued operations is shown in note 3 to the unaudited condensed consolidated financial information.

## REPORT OF THE DIRECTORS

### MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

#### Foreign Exchange Exposure and Financial Hedging

Following the completion of the Disposal Agreement, the Group's operations are mainly denominated in Hong Kong dollars. Foreign exchange hedging has been dealt with in accordance with the terms and conditions of the said agreement.

#### Liquidity and Financial Resources

The Group maintained a healthy financial position with no bank borrowing and no gearing as at 30 June 2011 (31 December 2010: Nil). The Group remained conservative in working capital management. Cash and cash equivalents were HK\$33.6 million compared to Group total cash and cash equivalents of HK\$75.1 million as at 31 December 2010. The net cash outflow was mainly caused by the special dividend payment of HK\$197 million in February 2011, netted off with the aggregated proceeds of HK\$143.7 million from the disposals of subsidiaries and financial assets. We will continue to manage our cash flow cautiously and expect to meet our future financial requirements from internal resources. Most of the Group's cash balances is placed with reputable financial institutions.

#### Employees

The Group had approximately 16 employees in Hong Kong as at 30 June 2011. The Group continues to provide remuneration packages and training programmes to employees with reference to prevailing market practices.

#### Outlook

The business environment of the Company remains challenging in 2011 as the prospect of the Hong Kong property market is uncertain. The changes in fiscal policies in Hong Kong and on the Mainland have mixed implications to the property markets. The increasing cross-border transactions also complicate the situation. Demand in building materials in the region fluctuates as a result of the changing market sentiment.

Moreover, the escalation in raw material costs, payroll expenses and other operating costs is expected to persist in the second half of the year. To alleviate these negative implications, we continue to search for new product ranges to differentiate ourselves from other competitors. The management will also enhance cost control measures and improve efficiency through business process re-engineering. As a result, we remain confident that we are well positioned to meet the future challenge.

## REPORT OF THE DIRECTORS

### DIRECTORS

The directors of the Company during the Period and up to the date of this report were:

#### Executive Directors:

Mr. Wang, John Peter Ben (Chairman)	<i>(appointed on 25 March 2011)</i>
Mr. Michael John Green	<i>(resigned with effect from the end of 24 March 2011)</i>
Mr. Daniel George Green	<i>(resigned with effect from the end of 24 March 2011)</i>
Mr. Lai Ka Tak, Patrick	<i>(resigned with effect from the end of 24 March 2011)</i>

#### Non-executive Directors:

Mr. Lim Ghee Keong	<i>(resigned with effect from the end of 24 March 2011)</i>
Mr. Christopher John David Clarke	<i>(resigned with effect from the end of 24 March 2011)</i>

#### Independent Non-executive Directors:

Mr. Tsui Yiu Wa, Alec	<i>(appointed on 25 March 2011)</i>
Mr. Pang Hing Chung, Alfred	<i>(appointed on 25 March 2011)</i>
Dr. Tyen Kan Hee, Anthony	<i>(appointed on 25 March 2011)</i>
Mr. Owen Mark Lewellin Rhys	<i>(resigned with effect from the end of 24 March 2011)</i>
Mr. Thaddeus Thomas Beczak	<i>(resigned with effect from the end of 24 March 2011)</i>
Mr. Simon Murray	<i>(resigned with effect from the end of 24 March 2011)</i>

Due to the change in control of the Company, there was a change in the composition of the board of directors (the "Board") of the Company. Mr. Wang, John Peter Ben was appointed as the Chairman of the Board and executive director and Mr. Tsui Yiu Wa, Alec, Mr. Pang Hing Chung, Alfred and Dr. Tyen Kan Hee Anthony were appointed as independent non-executive directors, all with effect from 25 March 2011. Mr. Michael John Green has resigned as the Chairman of the Board and executive director, Messrs. Daniel George Green and Lai Ka Tak, Patrick have resigned as executive directors, Messrs. Lim Ghee Keong and Christopher John David Clarke have resigned as non-executive directors and Messrs. Owen Mark Lewellin Rhys, Thaddeus Thomas Beczak and Simon Murray have resigned as independent non-executive directors, all with effect from the end of 24 March 2011. Details of the appointment and resignation of directors were set out in the announcements of the Company dated 22 February 2011 and 25 March 2011.

### DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the six months ended 30 June 2011 or at any time during such period.

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2011, the interests and short positions 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 Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO") which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

#### Ordinary shares of HK\$0.10 each of the Company

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Percentage of issued share capital
Mr. Wang, John Peter Ben	Beneficial owner	Personal	30,749,998	12.92%

*Note:* As at 30 June 2011, the total number of issued shares of the Company was 237,939,584.

Save as disclosed above, as at 30 June 2011, none of the directors or chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## REPORT OF THE DIRECTORS

### SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2011, the following persons/corporation had interests in five per cent or more of the issued share capital of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares or underlying shares of the Company as notified to the Company are set out below:

#### Ordinary shares of HK\$0.10 each of the Company

Name	Capacity	Number of ordinary shares held/ % of issued share capital				Note
		Long Positions	%	Short Positions	%	
Quick Glitter Limited	Beneficial owner	88,406,244	37.15%	–	–	2
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporation	88,406,244	37.15%	–	–	2
Ms. Lo Sau Yan, Sharen	Interest of spouse	88,406,244	37.15%	–	–	3
Mr. Wang, John Peter Ben	Beneficial owner	30,749,998	12.92%	–	–	–
Mr. Zhang Jian Hua	Beneficial owner	19,218,748	8.08%	–	–	–
Mr. Ko Chun Fung, Henry	Beneficial owner	15,375,383	6.46%	–	–	–
Ms. Liu Suk Ling, Florence	Interest of spouse	15,375,383	6.46%	–	–	4
Mr. Xu Yi	Beneficial owner	15,374,999	6.46%	–	–	–
Ms. Wang Yujuan	Interest of spouse	15,374,999	6.46%	–	–	5

## REPORT OF THE DIRECTORS

### SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY *(continued)*

#### Ordinary shares of HK\$0.10 each of the Company *(continued)*

*Notes:*

1. As at 30 June 2011, the total number of issued shares of the Company was 237,939,584.
2. Quick Glitter Limited is wholly owned by Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by Quick Glitter Limited.
3. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Ho, Lawrence Yau Lung, under the SFO.
4. Ms. Liu Suk Ling, Florence is the spouse of Mr. Ko Chun Fung, Henry and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Ko Chun Fung, Henry, under the SFO.
5. Ms. Wang Yujuan is the spouse of Mr. Xu Yi and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Xu Yi, under the SFO.

Save as disclosed above, as at 30 June 2011, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

### SHARE OPTION SCHEME

At a special general meeting held on 11 July 2002, the shareholders of the Company approved the adoption of a share option scheme (the "2002 Share Option Scheme") under which the directors of the Company may, at their discretion, grant to any eligible persons under the 2002 Share Option Scheme share options to subscribe for the Company's shares, subject to the terms and conditions as stipulated therein. On 7 July 2011, the shareholders of the Company at an extraordinary general meeting approved the adoption of a new share option scheme and the termination of the 2002 Share Option Scheme.



## REPORT OF THE DIRECTORS

### SHARE OPTION SCHEME *(continued)*

A summary of the movements of the share options, which were granted under the 2002 Share Option Scheme, for the six months ended 30 June 2011 is set out below:

Category of participant	Number of share options					Outstanding at 30 June 2011	Date of grant of share options	Subscription price per share <i>HK\$</i>
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
<b>Director</b>								
Mr. Daniel George Green *	1,600,000	-	(1,543,584) <i>(Note 2)</i>	-	(56,416) <i>(Note 3)</i>	-	2 January 2008	1.490

\* *Mr. Daniel George Green resigned as a director of the Company with effect from the end of 24 March 2011*

#### Notes:

- The share options granted on 2 January 2008 can be exercised in two instalments, 50% of which at any time between 2 January 2010 and 10 July 2012 and the remaining 50% at any time between 2 January 2011 and 10 July 2012. At the date before the share options were granted, i.e. 31 December 2007, the market value per share was HK\$1.49.
- In respect of the 1,543,584 share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$2.92.
- On 28 February 2011, Delight Max Limited as offeror (the "Offeror") made an unconditional mandatory cash offer for the cancellation of the share options in accordance with the Code on Takeovers and Mergers (the "Option Offer"). The cash payment under the Option Offer for the cancellation of those share options is a nominal amount of HK\$0.001 for each share option. As at 4:00 p.m. on Monday, 21 March 2011, being the latest time for acceptance of the offer, the Offeror had received valid acceptance of the Option Offer from Mr. Daniel George Green which resulted in the cancellation of a total of 56,416 outstanding share options. After the closing of the Option Offer, there was no share option outstanding as at 30 June 2011.

Apart from the 2002 Share Option Scheme mentioned above, at no time during the six months ended 30 June 2011 was the Company or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate. None of the directors (including their spouse and children under 18 years of age) have been granted, or have exercised, any rights to subscribe for shares of the Company.

## REPORT OF THE DIRECTORS

### INTERIM DIVIDEND

The Board has resolved that no interim dividend be paid for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

On 22 February 2011, the Board resolved that a special dividend of HK\$0.8279 per share (approximately HK\$197 million in total) be distributed to the shareholders whose names appear on the register of members of the Company on 16 February 2011, subject to and upon the Disposal Completion, the Share Transfer Completion and the Capital Reorganisation (as defined in the circular dated 24 January 2011) becoming effective. The payment of special dividend was approved by the shareholders of the Company in a special general meeting held on 17 February 2011. The special dividend was paid on 25 February 2011.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### PUBLIC FLOAT

Based on the information that was publicly available to the Company and within the knowledge of the directors of the Company as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules save for the period from 21 March 2011 to 14 April 2011. After closing of the general offer on 21 March 2011, the Offeror held a total of 192,873,871 shares, representing approximately 81.06% of the issued share capital of the Company. On 15 April 2011, the Offeror has distributed in specie all the 192,873,871 shares held by it to its ultimate beneficial owners in proportionate to their respective shareholdings in the Offeror. After the distribution became effective on 15 April 2011, the Company restored the public float to the prescribed minimum level of 25% as set out in Rule 8.08(1)(a) of the Listing Rules.

## REPORT OF THE DIRECTORS

### CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in fulfilling the responsibilities to shareholders. Our business culture and practices are founded upon a common set of values that govern our relationships with customers, employees, shareholders, suppliers and the communities in which we operate. The Company also acknowledges and appreciates its responsibility towards society at large and has embarked upon various initiatives to effectuate this.

The Stock Exchange has promulgated the Code on Corporate Governance Practices (the "CG Code"), which came into effect in January 2005 and was updated in February 2009. Throughout the six months ended 30 June 2011, the Company has complied with all the code provisions of the CG Code, except for the following deviations:

- (i) Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer of a listed company should be separate and should not be performed by the same individual. The Company has not appointed a chief executive officer and Mr. Wang, John Peter Ben, the Chairman and Executive Director of the Company, provides leadership for the Board and is responsible for the daily management of the Group. Upon completion of the disposal of Arnhold (B.V.I.) Limited, a former subsidiary of the Company, to Green Motherlode Limited on 22 February 2011, the Group is engaged in tiles trading and engineering operations (the "Remaining Business") only. The Remaining Business continues to be managed by the employees and personnel previously responsible for the same, and, hence, minimal supervision is necessary. Due to the aforesaid arrangement and as the Company has no other new business, the Company does not currently need a chief executive officer and the roles of the Chairman and Executive Director of the Company can be performed by one individual, namely, Mr. Wang, John Peter Ben. Until such time as the Group has other new business, all matters other than matters related to the day-to-day management of the Group, including, in particular, material commitments and transactions, will be considered and approved by the Board. Such arrangement will be subject to review by the Board from time to time.
- (ii) Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for specific term, subject to re-election. The Company has deviated from this provision in that all non-executive directors of the Company are not appointed for specific terms. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of non-executive directors have given the Company's shareholders the right to approve continuation of non-executive directors' offices.

## REPORT OF THE DIRECTORS

### CORPORATE GOVERNANCE *(continued)*

- (iii) Code provision A.5.4 stipulates that directors must comply with their obligations under the Model Code set out in Appendix 10 of the Listing Rules. Mr. Christopher John David Clarke ("Mr. Clarke"), a former director of the Company who has resigned with effect from the end of 24 March 2011, informed the Company that he had sold a total of 100,000 shares of the Company on 2 March and 3 March 2011 without notifying the Chairman of the Company and such transactions took place within the black out period under Rule A.3(a)(i) of the Model Code. This non-compliance of the Model Code constituted a deviation from the code provision A.5.4 of the CG Code. As informed by Mr. Clarke, the non-compliance was not deliberate and completely unintentional and was due to his misunderstanding on the effective date of his resignation as a non-executive director of the Company. Such change of interest was subsequently disclosed on 21 March 2011 immediately after it was brought to the attention of the Company and the director concerned.

The Company has established an Audit Committee and a Remuneration Committee to ensure maintenance of a high corporate governance standard. Terms of reference of the aforesaid committees have been posted on the Company's website at <http://www.summitascentholdings.com> under the "Corporate Governance" section.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of the directors of the Company, except for Mr. Clarke (a former director), who disposed of the Company's shares during the black out period mentioned in the "Corporate Governance" section above, all the directors confirmed that they have complied with the required standard of dealings and code of conduct regarding securities transactions by directors set out in the Model Code throughout the six months ended 30 June 2011.

## REPORT OF THE DIRECTORS

### AUDIT COMMITTEE

The Company's audit committee is currently composed of three independent non-executive directors. The primary duties of the audit committee are to (i) review the Group's annual reports, financial statements, interim reports and to provide advice and comments thereon to the board of directors of the Company; and (ii) review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the unaudited condensed consolidated financial information of the Group for the six month ended 30 June 2011.

### BOARD OF DIRECTORS

As at the date of this report, the Board comprises one Executive Director, namely Mr. Wang, John Peter Ben (Chairman) and three Independent Non-executive Directors, namely Mr. Tsui Yiu Wa, Alec, Mr. Pang Hing Chung, Alfred and Dr. Tyen Kan Hee, Anthony.

By Order of the Board of  
**Summit Ascent Holdings Limited**  
**Wang, John Peter Ben**  
*Chairman and Executive Director*

Hong Kong, 25 August 2011

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE PERIOD ENDED 30 JUNE 2011

	Notes	(Unaudited)	
		30 June 2011 HK\$'000	30 June 2010 HK\$'000
<b>CONTINUING OPERATIONS</b>			
Turnover	6	54,402	40,139
Cost of sales	7	<u>(43,158)</u>	<u>(32,526)</u>
Gross profit		11,244	7,613
Operating expenses	8	<u>(8,117)</u>	<u>(7,110)</u>
Operating profit		3,127	503
Finance income	9	<u>–</u>	<u>36</u>
Profit before income tax		3,127	539
Income tax expense	10	<u>(594)</u>	<u>–</u>
Profit for the period from continuing operations		2,533	539
<b>DISCONTINUED OPERATIONS</b>			
(Loss) profit for the period from discontinued operations	11	<u>(332)</u>	<u>403</u>
<b>PROFIT FOR THE PERIOD, ATTRIBUTABLE TO SHAREHOLDERS</b>			
Other comprehensive income		2,201	942
Surplus on revaluation of available-for-sale financial assets		<u>–</u>	<u>234</u>
Total comprehensive income for the period, attributable to shareholders		<u>2,201</u>	<u>1,176</u>
<b>Basic earnings (loss) per share (HK cents)</b>			
– continuing operations	12	1.07	0.23
– discontinued operations		<u>(0.14)</u>	<u>0.18</u>
		<u>0.93</u>	<u>0.41</u>
<b>Diluted earnings (loss) per share (HK cents)</b>			
– continuing operations	12	1.07	0.23
– discontinued operations		<u>(0.14)</u>	<u>0.18</u>
		<u>0.93</u>	<u>0.41</u>

The notes on pages 18 to 32 form an integral part of this condensed consolidated financial information.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2011

		(Unaudited) At 30 June 2011 <i>HK\$'000</i>	(Audited) At 31 December 2010 <i>HK\$'000</i>
	<i>Notes</i>		
Current assets			
Inventories		2,411	5,358
Trade and other receivables	15	25,570	15,437
Derivative financial instruments		–	184
Cash and cash equivalents		33,649	334
		<b>61,630</b>	21,313
Assets of disposal group classified as held for sale	11	–	307,212
Total current assets		<b>61,630</b>	328,525
Current liabilities			
Trade and other payables	16	28,390	18,447
Derivative financial instruments		–	272
Provisions	17	248	255
Tax payables		594	–
		<b>29,232</b>	18,974
Liabilities of disposal group classified as held for sale	11	–	84,664
Total current liabilities		<b>29,232</b>	103,638
Net assets		<b>32,398</b>	224,887
Capital and reserves			
Share capital	18	23,794	23,640
Reserves			
Proposed special dividend		–	196,990
Others		8,604	4,257
Shareholders' funds		<b>32,398</b>	224,887

Approved by the board of directors on 25 August 2011

**Wang, John Peter Ben**  
*Chairman*

The notes on pages 18 to 32 form an integral part of this condensed consolidated financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

FOR THE PERIOD ENDED 30 JUNE 2011

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June 2011</b>	30 June 2010
<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>2,795</b>	1,556
Adjustment for:		
Depreciation of property, plant and equipment	<b>592</b>	2,917
Amortisation of lease prepayments	<b>7</b>	44
Provision for impairment of receivables	<b>1,654</b>	–
Interest income	<b>(34)</b>	(151)
Interest expenses	–	–
Gain on disposal of property, plant and equipment	–	(107)
Gain on disposal of subsidiaries	<b>(270)</b>	–
Fair value change on financial assets at fair value through profit and loss	<b>(5)</b>	–
Fair value change on derivative financial instruments	<b>(916)</b>	6,188
Employee share-based compensation benefits	–	91
	<b>3,823</b>	10,538
<b>Changes in working capital</b>		
Decrease (increase) in inventories	<b>6,117</b>	(8,050)
Decrease (increase) in trade and other receivables	<b>18,803</b>	(1,903)
Decrease in trade and other payables	<b>(38,217)</b>	(11,090)
Increase (decrease) in provisions	<b>5,030</b>	(23)
Increase in amount due to a related company	<b>14,875</b>	–
<b>Cash generated from (used in) operations</b>	<b>10,431</b>	(10,528)
Interest received	<b>34</b>	151
Net settlement on derivative financial instruments	–	(5,479)
Hong Kong profits tax paid	–	(46)
Overseas tax paid	<b>(865)</b>	(420)
<b>Net cash generated from (used in) operating activities</b>	<b>9,600</b>	(16,322)



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

FOR THE PERIOD ENDED 30 JUNE 2011

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
<i>Note</i>	<b>30 June 2011</b>	30 June 2010
	<b>HK\$'000</b>	HK\$'000
<b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	<b>(77)</b>	(3,001)
Proceeds from disposal of property, plant and equipment	–	130
Proceeds from disposal of investment property	–	1,348
Proceeds from disposal of financial assets at fair value through profit and loss	<b>14,055</b>	–
Proceeds from disposal of subsidiaries	<b>129,687</b>	–
<i>11</i>	<u><b>143,665</b></u>	<u>–</u>
<b>Net cash generated from (used in) investing activities</b>	<b>143,665</b>	(1,523)
<b>Cash flows from financing activities</b>		
Dividend paid	<b>(196,990)</b>	(12,680)
Proceeds from issuance of ordinary shares	<b>2,300</b>	3,426
<b>Net cash used in financing activities</b>	<b>(194,690)</b>	(9,254)
<b>Net decrease in cash and cash equivalents</b>	<b>(41,425)</b>	(27,099)
Cash and cash equivalents at the beginning of the period	<b>75,074</b>	97,575
Cash and cash equivalents at the end of the period	<b>33,649</b>	70,476
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>33,649</b>	70,476

The notes on pages 18 to 32 form an integral part of this condensed consolidated financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2011

	Share capital HK\$'000	Share premium HK\$'000	Available- for-sale investment reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Retained earnings HK\$'000	Contributed surplus HK\$'000	Total HK\$'000
At 1 January 2010 (Audited)	22,590	92,949	712	3,007	99,212	808	219,278
Profit attributable to shareholders	-	-	-	-	942	-	942
Other comprehensive income: Surplus on revaluation of available-for-sale financial assets	-	-	234	-	-	-	234
Total comprehensive income for the period ended 30 June 2010	-	-	234	-	942	-	1,176
Employee share option scheme: Issuance of ordinary shares	600	2,826	-	-	-	-	3,426
Transfer among reserves	-	-	-	(1,112)	1,112	-	-
Dividend relating to 2009 and paid in May 2010	-	-	-	-	(12,680)	-	(12,680)
Employee share-based compensation benefits	-	-	-	91	-	-	91
	600	2,826	-	(1,021)	(11,568)	-	(9,163)
At 30 June 2010 (Unaudited)	23,190	95,775	946	1,986	88,586	808	211,291
At 1 January 2011 (Audited)	23,640	98,427	946	1,088	99,978	808	224,887
Profit attributable to shareholders	-	-	-	-	2,201	-	2,201
Total comprehensive income for the period ended 30 June 2011	-	-	-	-	2,201	-	2,201
Employee share option scheme Issuance of ordinary shares	154	2,146	-	-	-	-	2,300
Transfer among reserves	-	(98,427)	-	(1,088)	99,515	-	-
Release of reserves upon disposal of subsidiaries	-	-	(946)	-	1,754	(808)	-
Special dividend paid in February 2011	-	-	-	-	(196,990)	-	(196,990)
	154	(96,281)	(946)	(1,088)	(95,721)	(808)	(194,690)
At 30 June 2011 (Unaudited)	23,794	2,146	-	-	6,458	-	32,398

The notes on pages 18 to 32 form an integral part of this condensed consolidated financial information.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1 General Information

The principal activities of Summit Ascent Holdings Limited (formerly known as “Arnhold Holdings Limited”) (the “Company”) and its subsidiaries (together the “Group”) are tiles trading and engineering operations.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on the main board of The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated financial information was approved for issue on 25 August 2011.

### 2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

### 3 Accounting policies

The condensed consolidated financial information has been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial information is consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretation (“new or revised HKFRSs”) issued by the HKICPA.

HKAS 24 (Revised), “Related Party Disclosures” is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

- The name of the government and the nature of their relationship;
- The nature and amount of any individually significant transactions; and
- The extent of any collectively-significant transactions qualitatively or quantitatively.

Amendment to HKAS 34 “Interim financial reporting” is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The application of the new or revised HKFRSs had no impact on the condensed consolidated financial information of the Group for the current or prior accounting periods.

The Group has not early applied new and revised standards, amendments or interpretation that have been issued but are not yet effective. The directors of the Company anticipate that the application of those new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 4 Estimates

The preparation of condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2010.

### 5 Financial risk management

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in the risk management department since year end or in any risk management policies.

#### 5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 5 Financial risk management (continued)

#### 5.2 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that measured at fair value at 30 June 2011.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Assets			
Financial assets at fair value through profit or loss			
– Derivative financial instruments	–	–	–
Total assets	–	–	–
Liabilities			
Financial liabilities at fair value through profit or loss			
– Derivative financial instruments	–	–	–
Total liabilities	–	–	–

The following table presents the assets and liabilities attributable to continuing operations that measured at fair value at 31 December 2010.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Assets			
Financial assets at fair value through profit or loss			
– Derivative financial instruments	–	184	–
Total assets	–	184	–
Liabilities			
Financial liabilities at fair value through profit or loss			
– Derivative financial instruments	–	272	–
Total liabilities	–	272	–

The following table presents the assets and liabilities attributable to discontinued operations that measured at fair value at 31 December 2010.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Assets			
Financial assets at fair value through profit or loss			
– Listed fund investments	22,769	–	–
– Derivative financial instruments	–	509	–
Available-for-sale financial assets			
– Non-current portion	–	3,109	–
Total assets	22,769	3,618	–
Liabilities			
Financial liabilities at fair value through profit or loss			
– Derivative financial instruments	–	752	–
Total liabilities	–	752	–

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6 Turnover, other revenues and segment information

The principal activities of the Group are tiles trading and engineering operations. Continuing operations only focus on trading while discontinued operations are mainly focused on trading, manufacturing and export, and retail and renovation.

Revenues recognised in the condensed consolidated statement of comprehensive income are as follows:

	30 June 2011		(Unaudited) Six months ended			
	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000
Turnover						
Sales of goods	54,402	20,480	74,882	40,139	127,978	168,117
Other revenues						
Gross rental income from investment property	-	-	-	-	15	15
Sundry income	-	100	100	-	615	615
	-	100	100	-	630	630
Total revenues	54,402	20,580	74,982	40,139	128,608	168,747

The analysis of the Group's performance for the Period from the continuing and discontinued operations is from both a business and geographical perspective. From a business perspective, management assesses the performance of (i) trading, (ii) manufacturing and export and (iii) retail and renovation operations. Trading is further evaluated on a geographic basis (Hong Kong and Macau, and Mainland China).

The Group assesses the performance of the operating segments mainly based on a measure of gross profit. Finance income and income tax expense are not allocated to segments, as these types of activities are managed on a central basis.

Segment assets comprise trade receivables and inventories.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6 Turnover, other revenues and segment information (continued)

The segment information for the period ended 30 June 2011 is as follows:

	Continuing operations	Discontinued operations					Sub-total HK\$'000	Total HK\$'000
	Trading in Hong Kong and Macau HK\$'000	Trading in Hong Kong and Macau HK\$'000	Trading in Mainland China HK\$'000	Manufacturing and export HK\$'000	Retail and renovation HK\$'000	Corporate HK\$'000		
Total turnover	54,402	7,291	302	5,448	7,686	-	20,727	75,129
Inter-segment turnover	-	-	-	(247)	-	-	(247)	(247)
Turnover (from external customers)	54,402	7,291	302	5,201	7,686	-	20,480	74,882
Gross profit	11,244	990	60	1,611	2,781	-	5,442	16,686
Depreciation of property, plant and equipment	-	(93)	(3)	(135)	(232)	(129)	(592)	(592)
Amortisation of lease prepayments	-	-	-	-	-	(7)	(7)	(7)
Segment assets as at 30 June 2011	27,356	-	-	-	-	-	-	27,356

The segment information for the period ended 30 June 2010 is as follows:

	Continuing operations	Discontinued operations					Sub-total HK\$'000	Total HK\$'000
	Trading in Hong Kong and Macau HK\$'000	Trading in Hong Kong and Macau HK\$'000	Trading in Mainland China HK\$'000	Manufacturing and export HK\$'000	Retail and renovation HK\$'000	Corporate HK\$'000		
Total turnover	40,254	26,457	13,543	65,342	44,756	-	150,098	190,352
Inter-segment turnover	(115)	(62)	-	(22,058)	-	-	(22,120)	(22,235)
Turnover (from external customers)	40,139	26,395	13,543	43,284	44,756	-	127,978	168,117
Gross profit	7,613	4,319	2,000	11,577	13,175	-	31,071	38,684
Depreciation of property, plant and equipment	-	(59)	(39)	(668)	(1,193)	(958)	(2,917)	(2,917)
Amortisation of lease prepayments	-	-	-	-	-	(44)	(44)	(44)
Additions to non-current assets (other than available-for sale financial assets)	-	6	8	717	1,646	624	3,001	3,001
Segment assets as at 31 December 2010	19,376	29,062	24,080	27,103	26,455	-	106,700	126,076

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6 Turnover, other revenues and segment information *(continued)*

A reconciliation of gross profit to total profit before income tax is provided as follows:

	30 June 2011		(Unaudited) Six months ended			Total HK\$'000
	Continuing operations	Discontinued operations	30 June 2010			
	HK\$'000	HK\$'000	Continuing operations	Discontinued operations		
Gross profit	11,244	5,442	16,686	7,613	31,071	38,684
Other revenues	–	100	100	–	630	630
Depreciation of property, plant and equipment	–	(592)	(592)	–	(2,917)	(2,917)
Amortisation of lease prepayments	–	(7)	(7)	–	(44)	(44)
Provision for impairment of receivables	(1,545)	(109)	(1,654)	–	–	–
Other expenses	(6,572)	(5,470)	(12,042)	(7,110)	(27,838)	(34,948)
Operating profit (loss)	3,127	(636)	2,491	503	902	1,405
Finance income	–	34	34	36	115	151
Profit (loss) before income tax	3,127	(602)	2,525	539	1,017	1,556

Reportable segments' assets are reconciled to total assets as follows:

	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
Total segment assets	27,356	126,076
Unallocated:		
Available-for-sale financial assets	–	3,109
Cash and cash equivalents	33,649	75,074
Others	625	124,266
Total assets	61,630	328,525



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 7 Cost of sales

	30 June 2011		(Unaudited) Six months ended			Total HK\$'000
	Continuing operations	Discontinued operations	30 June 2010			
	HK\$'000	HK\$'000	Continuing operations HK\$'000	Discontinued operations HK\$'000		
Cost of inventories sold	43,158	15,038	58,196	30,686	90,993	121,679
Cost of consumable inventories	-	-	-	-	1,566	1,566
Net fair value loss on derivative financial instruments	-	-	-	1,840	4,348	6,188
	<b>43,158</b>	<b>15,038</b>	<b>58,196</b>	<b>32,526</b>	<b>96,907</b>	<b>129,433</b>

### 8 Operating expenses

	(Unaudited) Six months ended	
	30 June 2011 HK\$'000	30 June 2010 HK\$'000
Administrative expenses:		
Employee benefits expenses	4,130	5,293
Operating lease rentals on properties paid to third parties	228	400
Travelling expenses	72	129
Entertainment expenses	20	35
Stamps, postage and telephone	22	47
Auditor's remuneration	10	102
Legal and professional fees	554	152
Advertising expenses	75	79
	<b>5,111</b>	<b>6,237</b>
Other operating expenses:		
Provision for impairment of receivables	1,545	-
Provision for stock obsolescence	490	-
(Write back of) provision for long service payments	(31)	35
Provision for (write back of) employee leave entitlements	26	(122)
Sundry expenses	976	960
	<b>3,006</b>	<b>873</b>
	<b>8,117</b>	<b>7,110</b>

### 9 Finance income

	(Unaudited) Six months ended	
	30 June 2011 HK\$'000	30 June 2010 HK\$'000
Interest income from bank deposits	-	36

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the Period. Taxation on overseas profits has been calculated on the estimated assessable profit for the Period at the rates of taxation prevailing in the countries in which the Group operates. Income tax expense from continuing operations charged to the condensed consolidated statement of comprehensive income represents:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June 2011</b>	30 June 2010
	<b>HK\$'000</b>	HK\$'000
Current income tax		
– Hong Kong profits tax	<b>594</b>	–

### 11 Disposal of subsidiaries and discontinued operations

On 20 December 2010, the Company entered into an agreement to sell its wholly owned subsidiary, Arnhold (B.V.I.) Limited (the "Disposal Company"), and all companies in which the Disposal Company has interests, to Green Motherlode Limited, a company controlled by the Green family. Members of the Green family are beneficiaries of the Michael Green Family Trust, the controlling shareholder of the Company. As a result of this transaction, the Company and its remaining subsidiaries will be principally engaged in tiles trading and engineering operations with the majority of the Group's operations disposed of to the Green family. The transaction was completed on 22 February 2011.

a) The profit (loss) for the Period from discontinued operations is analysed as follows:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June 2011</b>	30 June 2010
	<b>HK\$'000</b>	HK\$'000
(Loss) profit for the Period from discontinued operations	<b>(602)</b>	403
Gain on disposal of discontinued operations	<b>270</b>	–
	<b>(332)</b>	403

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 11 Disposal of subsidiaries and discontinued operations *(continued)*

- a) The profit (loss) for the Period from discontinued operations is analysed as follows: *(continued)*

The results of discontinued operations are set out below:

	(Unaudited)	
	Six months ended	
	30 June 2011	30 June 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	20,480	127,978
Cost of sales	<b>(15,038)</b>	(96,907)
Gross profit	5,442	31,071
Other revenues	100	630
Operating expenses	<b>(6,178)</b>	(30,799)
Operating (loss) profit	<b>(636)</b>	902
Finance income	34	115
(Loss) profit before income tax	<b>(602)</b>	1,017
Income tax expense	–	(614)
(Loss) profit for the Period from discontinued operations	<b>(602)</b>	403
Cash flows from discontinued operations:		
Net cash flows used in operating activities	<b>(2,415)</b>	(6,782)
Net cash flows used in investing activities	<b>(59,012)</b>	(1,523)
Net cash flows	<b>(61,427)</b>	(8,305)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 11 Disposal of subsidiaries and discontinued operations *(continued)*

b) The net assets and liabilities of disposal group at the date of disposal were as follows:

	<i>HK\$ '000</i>
<b>Consideration:</b>	
Cash received	149,000
	<hr/>
<b>Analysis of assets and liabilities over which control was lost:</b>	
<b>NON-CURRENT ASSETS</b>	
Property, plant and equipment	89,378
Lease prepayments	3,970
Available-for-sale financial assets	3,109
Deferred income tax assets	696
	<hr/>
	97,153
	<hr style="border-top: 1px dashed black;"/>
<b>CURRENT ASSETS</b>	
Inventories	29,702
Trade and other receivables	47,969
Derivative financial instruments	1,076
Financial assets at fair value through profit and loss	8,719
Cash and cash equivalents	13,313
	<hr/>
	100,779
	<hr style="border-top: 1px dashed black;"/>
<b>CURRENT LIABILITIES</b>	
Trade and other payables	52,062
Derivative financial instruments	403
Provisions	1,697
Current income tax liabilities	374
	<hr/>
	54,536
	<hr style="border-top: 1px dashed black;"/>
<b>NET CURRENT ASSETS</b>	46,243
	<hr style="border-top: 1px dashed black;"/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	143,396
<b>NON-CURRENT LIABILITIES</b>	
Deferred income tax liabilities	666
	<hr/>
<b>NET ASSETS DISPOSED OF</b>	142,730
	<hr/>
<b>Gain on disposal of discontinued operations:</b>	
Consideration	149,000
Net assets disposed of	(142,730)
Professional fee incurred	(6,000)
	<hr/>
Gain on disposal	270
	<hr/>
<b>Net cash outflow arising on disposal:</b>	
Cash consideration	149,000
Less: bank balances and cash disposed of	(13,313)
Less: professional fee paid	(6,000)
	<hr/>
	129,687
	<hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 11 Disposal of subsidiaries and discontinued operations *(continued)*

- c) The analysis of the net assets of disposal group classified as held for sale as at 31 December 2010 was as follows:

	<i>HK\$'000</i>
NON-CURRENT ASSETS	
Property, plant and equipment	89,893
Lease prepayments	3,977
Available-for-sale financial assets	3,109
Deferred income tax assets	696
	<u>97,675</u>
	-----
CURRENT ASSETS	
Inventories	32,872
Trade and other receivables	78,647
Derivative financial instruments	509
Financial assets at fair value through profit and loss	22,769
Cash and cash equivalents	74,740
	<u>209,537</u>
	-----
CURRENT LIABILITIES	
Trade and other payables	80,310
Derivative financial instruments	752
Provisions	1,696
Current income tax liabilities	1,240
	<u>83,998</u>
	-----
NET CURRENT ASSETS	<u>125,539</u>
	-----
TOTAL ASSETS LESS CURRENT LIABILITIES	223,214
NON-CURRENT LIABILITIES	
Deferred income tax liabilities	666
	<u>666</u>
NET ASSETS	<u>222,548</u>
	-----

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 12 Earnings per share

The calculation of basic earnings per share is based on the Group's profit from continuing operations and discontinued operations attributable to ordinary shareholders of HK\$2,201,000 (2010: HK\$942,000) and the weighted average number of 237,666,685 (2010: 228,069,481) ordinary shares in issue during the Period.

There is no dilution effect on potential ordinary shares for the period ended 30 June 2011.

During the period ended 30 June 2010, the calculation of diluted earnings per share was based on the Group's profit from continuing operations and discontinued operations attributable to ordinary shareholders of HK\$942,000 and the weighted average of 230,597,882 ordinary shares after adjusting for the effects of all potential dilutive ordinary shares.

	(Unaudited)	
	Six months ended	
Reconciliation	30 June 2011	30 June 2010
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>237,666,685</b>	228,069,481
Deemed issue of ordinary shares relating to share options	—	2,528,401
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>237,666,685</b>	230,597,882

### 13 Retirement benefit costs

The Group's contributions to the ORSO scheme are reduced by contributions forfeited by those employees who leave the ORSO scheme prior to vesting fully in the contributions. No forfeited contribution (2010: HK\$187,000 for continuing operations and discontinued operations) was utilised during the Period.

Contributions of HK\$28,000 (2010: HK\$283,000) were payable to the Retirement Scheme at the Period-end.

### 14 Dividend

The Board has resolved that no interim dividend be paid for the six months ended 30 June 2011 (2010: Nil).

On 22 February 2011, the Board resolved that the actual special dividend be HK\$0.8279 per share and be distributed to the shareholders whose names appeared on the register of members of the Company on 16 February 2011. The special dividend which amounted to HK\$196,990,000 was paid on 25 February 2011.

A final dividend relating to the year ended 31 December 2009 in the amount of HK\$12,680,000 was paid in May 2010.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15 Trade and other receivables

	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
Trade receivables	26,040	13,512
Retention receivables	450	506
Total trade and retention receivables	<b>26,490</b>	14,018
Less: provision for impairment of receivables	<b>(1,545)</b>	–
Net trade and retention receivables	<b>24,945</b>	14,018
Prepayments and other receivables	625	1,419
	<b>25,570</b>	15,437

The carrying amounts of trade and other receivables approximate their fair values.

The Group normally allows a credit period ranging from 30 to 90 days. Debtors with balances that are long overdue are normally requested to settle all outstanding balances before any further credit is granted.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The aging analysis of trade and retention receivables, net of provisions, is as follows:

	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
Current	15,325	7,330
One to three months overdue	10,681	5,423
Three to twelve months overdue	44	825
Overdue more than twelve months	440	440
Total trade and retention receivables	<b>26,490</b>	14,018
Less: provision for impairment of receivables	<b>(1,545)</b>	–
Net trade and retention receivables	<b>24,945</b>	14,018

The trade and retention receivables included in the above aging are considered not impaired as these relate to a number of independent customers for whom there was no recent history of default. All the impaired overdue trade and retention receivables have been provided for. As at 30 June 2011, trade and retention receivables of HK\$1,545,000 (31 December 2010: Nil) were impaired and provided for.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15 Trade and other receivables (continued)

Movements on the provision for impairment of receivables are as follows:

	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
Opening balance	–	991
Provision for impairment of receivables	1,545	251
Receivables written off during the period as uncollectable	–	(629)
Unused amounts reversed	–	(362)
Provision for impairment attributable to discontinued operations	–	(251)
	<u>1,545</u>	<u>–</u>

As at 31 December 2010 and 30 June 2011, other than the trade and retention receivables as disclosed above, all other classes within trade and other receivables do not contain impaired assets.

### 16 Trade and other payables

	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
Trade and bills payables	5,169	11,385
Accruals and other payables	21,764	4,477
Advances received from customers	1,457	2,585
	<u>28,390</u>	<u>18,447</u>

All of the above trade and other payables are expected to be settled within one year. The carrying amounts of trade and other payables approximate their fair values.

The aging analysis of trade and bill payables is as follows:

	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
Current	3,103	10,405
One to three months overdue	1,730	612
Overdue more than three months	336	368
	<u>5,169</u>	<u>11,385</u>
Total trade and bills payables	<u>5,169</u>	<u>11,385</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 17 Provisions

	Long service payments <i>HK\$'000</i>	Employee leave entitlements <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2011 (Audited)	58	197	255
(Write back) additional provisions	(31)	198	167
Less: Amounts utilised	–	(172)	(172)
(Credited) charged to condensed consolidated statement of comprehensive income	(31)	26	(5)
Less: Amounts settled	–	(2)	(2)
Net effect on provisions	(31)	24	(7)
At 30 June 2011 (Unaudited)	27	221	248

### 18 Share capital

	Authorised <i>(Number of shares)</i>	Issued and fully paid	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2010 (Audited)	800,000,000	225,896,000	22,590	92,949	115,539
Employee share option scheme – proceeds from shares issued	–	6,000,000	600	2,826	3,426
At 30 June 2010 (Unaudited)	800,000,000	231,896,000	23,190	95,775	118,965
Employee share option scheme – proceeds from shares issued	–	4,500,000	450	2,652	3,102
At 31 December 2010 and 1 January 2011 (Audited)	800,000,000	236,396,000	23,640	98,427	122,067
Employee share option scheme – proceeds from shares issued	–	1,543,584	154	2,146	2,300
Reduction of share premium	–	–	–	(98,427)	(98,427)
At 30 June 2011 (Unaudited)	800,000,000	237,939,584	23,794	2,146	25,940

Employee share option scheme: options exercised during the Period resulted in 1,543,584 shares (30 June 2010: 6,000,000 shares) being issued, with exercise proceeds of HK\$2,300,000 (30 June 2010: HK\$3,426,000). The related price at the time of exercise is HK\$3 (30 June 2010: ranged from HK\$1.35 to HK\$1.60) per share.

### 19 Related party transactions

There were no transactions with related parties during the Period (30 June 2010: Nil).

Key management compensation amounted to HK\$854,000 for the six months ended 30 June 2011 (2010: HK\$2,974,000).