



Interim Report 2013

SUMMIT ASCENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 102



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 2013 (the “Period”).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group’s turnover for the first half of 2013 was HK\$1.5 million with gross profit of HK\$0.6 million (2012: HK\$7 million and HK\$1.9 million respectively), reflecting the difficulties of operating in Hong Kong due to the various measures introduced by the government to curb property price speculation. Hong Kong property developers have become more cautious in new project development. This has been exacerbated by stringent tender requirements and threats of low end products from Mainland China.

Business Expansion

In an effort to increase turnover and business volume, the Group has started to expand to the Macau market. The results of this expansion effort have so far been encouraging. On 21 August 2013, the Group entered into a Letter of Intent with PYE General Contractors (Macau) Limited (“PYE Macau”) pursuant to which the Group will be expected to supply up to HK\$40 million worth of sanitary ware and fittings to PYE Macau. Subsequent to 30 June 2013, the Group has also received two firm purchase orders from a Macau-based engineering company in relation to the supply of sanitary ware and fittings. The total contract sums of these two purchase orders amount to approximately HK\$28 million.

For the period under review, the Group continued to streamline its cost and organizational structure. As a result, operating expenses for the period reduced to HK\$4.6 million (2012: HK\$4.8 million).

The Group reported a net loss of HK\$4 million for the Period, comparing to a net loss of HK\$2.9 million for the same period in 2012.

The Group’s outstanding orders on hand amounted to HK\$1.5 million as at the end of the Period amid the uncertainties and challenges (31 December 2012: HK\$0.8 million).

Segmental Information

Since the trading of tiles and engineering equipment is now the sole business of the Group, segmental analysis is not applicable. The analysis of the Group’s operations is shown in note 6 of the Notes to the Condensed Consolidated Financial Information.

Foreign Exchange Exposure and Financial Hedging

Following the completion of the reorganization, the Group’s operations are mainly denominated in Hong Kong dollar. Foreign exchange hedging has been dealt with in accordance with the arrangement set in the reorganization exercise.



REPORT OF THE DIRECTORS

Open Offer

The Company completed an open offer to raise gross proceeds of approximately HK\$85.7 million by way of an open offer on the basis of three offer shares for every ten existing shares at a subscription price of HK\$1.20 per offer share (“Open Offer”) in April 2013. The Company has issued 71,381,875 new shares from the Open Offer.

The Russian Project

On 23 August 2013, the Group entered into an investment and shareholders agreement (subject to conditions) (the “Proposed Transaction”) pursuant to which the Group will invest in a gaming and resort development project in Russia through an investment in 46% of the issued share capital of Oriental Regent Limited (“Oriental Regent”). Oriental Regent is an investment holding company which, upon completion of the Proposed Transaction, will own 100% of First Gambling Company of the Far East LLC (“FGCE”). FGCE holds a gaming license awarded by the Administration of the Primorye Region in the Russian Federation to conduct gaming activities in the Integrated Entertainment Zone of the Primorye Region, Russia (“IEZ”). 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.

FGCE is also the tenant under a lease of two land lots in the IEZ. The principal land lot (Lot 9) is approximately 90,455m² and has a total planned gross floor area of approximately 31,630m². The other land lot (Lot 8) is mainly the utility zone for the location of mechanical, electrical and plumbing infrastructure servicing Lot 9 and possibly other land lots within the IEZ. Upon completion of the Proposed Transaction, FGCE will become a wholly owned subsidiary of Oriental Regent and will develop a casino resort complex on Lot 9, which is planned to have approximately 119 hotel rooms, with approximately 800 slot machines, 25 VIP gaming tables and 40 mass market gaming tables. The superstructure (including foundations and shell (floors and roof)) of the main casino and hotel building has already been constructed.

In addition to its equity ownership, the Group will also be entitled to a management fee of 3% of the gross gaming revenue generated by FGCE.

Total investment of the project is expected to be around US\$130 million, of which 46% (around US\$59.8 million) will be funded by the Group. It is expected that around US\$31.5 million will be invested by the Group immediately after completion of the Proposed Transaction and the rest of the amount (around US\$28.3 million) will be funded by the Group as subsequent investments.

Liquidity and Financial Resources

The Group maintained a healthy financial position with no bank borrowing and no gearing as at 30 June 2013 (31 December 2012: Nil). The Group remained conservative in working capital management. Cash and cash equivalents were HK\$108.9 million compared to the Group’s total cash and cash equivalents of HK\$25.6 million as at 31 December 2012. During the Period, the Group raised net proceeds of approximately HK\$84.3 million from the Open Offer for general working capital purposes and for financing of its new investment opportunities. Most of the Group’s cash balances are placed with reputable financial institutions. We will continue to manage our cash flow cautiously and expect to meet our future routine financial requirements from internal resources.



REPORT OF THE DIRECTORS

Employees

As at 30 June 2013, the Group had approximately 11 employees in Hong Kong (31 December 2012: 11 employees). The Group continues to provide remuneration packages and training programmes to employees with reference to prevailing market practices.

Outlook

Our acquisition of 46% interest in the Russian project would enable us to invest into a new business with potentially very attractive returns. 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. It is also expected that the proposed investment will give us 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 good rate of return for its investment.

The Group's principal business of tiles trading and engineering operations will remain as the single line of principal business as our investment in Russia will not be consolidated as a subsidiary but will be accounted for as a jointly controlled entity and its results will be equity accounted for in the financial statements of the Group. The Company considers that the investment in Russia may result in large orders for quality building materials such as tiles and marbles to the Company as all such products have to be imported in Russia. Therefore, we consider that the investment will not introduce a fundamental change of the Group's business but can be viewed as a supplement to the Group's existing principal activities and will create attractive returns to the Company and its shareholders in the long run.

With a solid financial foundation, a focused line of principal business together with the planned new investment, the Group remains confident in delivering attractive returns to its shareholders in the long run.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).



REPORT OF THE DIRECTORS

DIRECTORS

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

Non-executive Director:

Mr. Ho, Lawrence Yau Lung (Chairman) (appointed as director and Chairman of the Board with effect from 10 July 2013)

Executive Director:

Mr. Wang, John Peter Ben (Deputy Chairman) (Resigned as Chairman of the Board and appointed as Deputy Chairman of the Board with effect from 10 July 2013)

Independent Non-executive Directors:

Mr. Tsui Yiu Wa, Alec
Mr. Pang Hing Chung, Alfred
Dr. Tyen Kan Hee, Anthony

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 2013 or at any time during such period.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, 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 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:

REPORT OF THE DIRECTORS

(I) Long positions 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	% of issued share capital	Notes
Mr. Wang, John Peter Ben	Beneficial owner	Personal	79,949,990	12.90%	1 & 2

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

Share options were granted to directors of the Company on 26 August 2011 pursuant to the 2011 Share Option Scheme. Details of the directors' interests in share options granted by the Company are set out under the section headed "Share Options" of this report.

Notes:

1. As at 30 June 2013, the total number of issued shares of the Company (the "Shares") was 619,642,918.
2. On 28 February 2013, the Company announced that it proposed to raise not less than approximately HK\$85.7 million, before expenses, by way of an Open Offer of not less than 71,381,875 offer shares (i.e. new Shares to be issued pursuant to the Open Offer) (the "Offer Shares") at the subscription price of HK\$1.20 per Offer Share on the basis of three Offer Shares for every ten Shares held by the qualifying shareholders of the Company on 19 March 2013 payable in full upon application (the "Open Offer"). Mr. Wang, John Peter Ben has given an irrevocable undertaking in favour of the Company to subscribe for all the Offer Shares to which he will be entitled under the Open Offer. As a result of the Open Offer, 9,224,997 Offer Shares were issued to Mr. Wang on 18 April 2013. Thereafter, Mr. Wang was interested in a total of 39,974,995 Shares.

On 31 May 2013, an ordinary resolution for the subdivision of each of the existing issued and unissued Shares of HK\$0.10 each into two subdivided Shares of HK\$0.05 each in the capital of the Company was passed at the annual general meeting of the Company (the "Share Subdivision"). The Share Subdivision was effective from 3 June 2013. As a result of the Share Subdivision, the number of Shares held by Mr. Wang was adjusted from 39,974,995 to 79,949,990.

Save as disclosed above, as at 30 June 2013, 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 2013, the following persons/corporations 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\$0.05 each of the Company

Name	Capacity	Number of ordinary shares held/ % of issued share capital			Note(s)	
		Long Positions	% Short Positions	%		
Quick Glitter Limited	Beneficial owner	229,856,232	37.09%	–	–	2, 3
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporation	229,856,232	37.09%	–	–	3
Ms. Lo Sau Yan, Sharen	Interest of spouse	229,856,232	37.09%	–	–	4
Mr. Wang, John Peter Ben	Beneficial owner	79,949,990	12.90%	–	–	2, 7
Mr. Ko Chun Fung, Henry	Beneficial owner	39,533,994	6.38%	–	–	–
Ms. Liu Suk Ling, Florence	Interest of spouse	39,533,994	6.38%	–	–	5
Mr. Xu Yi	Beneficial owner	38,300,000	6.18%	–	–	–
Ms. Wang Yujuan	Interest of spouse	38,300,000	6.18%	–	–	6



REPORT OF THE DIRECTORS

Notes:

1. As at 30 June 2013, the total number of issued Shares was 619,642,918.
2. On 28 February 2013, the Company announced that it proposed to raise not less than approximately HK\$85.7 million, before expenses, by way of an Open Offer of not less than 71,381,875 Offer Shares at the subscription price of HK\$1.20 per Offer Share on the basis of three Offer Shares for every ten Shares held by the qualifying shareholders of the Company on 19 March 2013 payable in full upon application (the "Open Offer").

Each of Quick Glitter Limited and Mr. Wang, John Peter Ben has given an irrevocable undertaking respectively in favour of the Company to subscribe for all the Offer Shares to which each of them will be entitled under the Open Offer. As a result of the Open Offer, 26,521,872 Offer Shares were issued to Quick Glitter Limited and 9,224,997 Offer Shares were issued to Mr. Wang on 18 April 2013. Thereafter, Quick Glitter Limited and Mr. Wang were interested in 114,928,116 Shares and 39,974,995 Shares respectively.

On 31 May 2013, an ordinary resolution for the subdivision of each of the existing issued and unissued Shares of HK\$0.10 each into two subdivided Shares of HK\$0.05 each was passed at the annual general meeting of the Company (the "Share Subdivision"). The Share Subdivision was effective from 3 June 2013. As a result of the Share Subdivision, the number of Shares held by Quick Glitter Limited and Mr. Wang was adjusted from 114,928,116 to 229,856,232 and from 39,974,995 to 79,949,990 respectively.

3. 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.
4. 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.
5. 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.
6. 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.
7. Regarding the interest of Mr. Wang, John Peter Ben in the underlying shares (in respect of the share options granted by the Company), please refer to the section "Share Option Scheme" in this report.

Save as disclosed above, as at 30 June 2013, 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.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

At an extraordinary general meeting held on 7 July 2011, the shareholders of the Company approved the adoption of a new share option scheme (the "2011 Share Option Scheme") and the termination of the share option scheme adopted on 11 July 2002.

Under the 2011 Share Option Scheme, the directors of the Company may, at their discretion, grant to any directors, executives and employees of any members of the Group and consultants, professional and other advisors to any members of the Group share options to subscribe for the Shares, subject to the terms and conditions stipulated therein.

A summary of the movements of the share options, which were granted under the 2011 Share Option Scheme, during the period is set out below:

Category of participants	Number of share options				As at 30 June 2013	% of share capital	Date of grant	Exercise price per share HK\$ (Notes 2 & 3)	Note
	As at 1 January 2013	Exercised during the period	Adjusted as a result of Open Offer (Note 2)	Adjusted as a result of Share Subdivision (Note 3)					
Director									
Mr. Wang, John Peter Ben	250,000	–	45,000	295,000	590,000	0.10%	26.08.2011	0.75	4
Mr. Tsui Yiu Wa, Alec	250,000	–	45,000	295,000	590,000	0.10%	26.08.2011	0.75	4
Mr. Pang Hing Chung, Alfred	250,000	–	45,000	295,000	590,000	0.10%	26.08.2011	0.75	4
Dr. Tyen Kan Hee, Anthony	250,000	–	45,000	295,000	590,000	0.10%	26.08.2011	0.75	4
Sub-total	1,000,000	–	180,000	1,180,000	2,360,000	0.40%			
Employees and Consultants	3,050,000	(500,000)	459,000	3,009,000	6,018,000	0.97%	26.08.2011	0.75	5
Total	4,050,000	(500,000)	639,000	4,189,000	8,378,000	1.37%			



REPORT OF THE DIRECTORS

Notes:

1. As at 30 June 2013, the total number of issued Shares was 619,642,918.
2. Upon the completion of the Open Offer in April 2013, the exercise price per Share and number of Shares which may be issued in respect of the outstanding share options granted on 26 August 2011 have been adjusted from HK\$1.77 to HK\$1.50 and from 3,550,000 Shares to 4,189,000 Shares respectively.
3. As a result of the Share Subdivision which was effective on 3 June 2013, the exercise price per Share and number of Shares which may be issued in respect of the outstanding share options granted on 26 August 2011 have been adjusted from HK\$1.50 to HK\$0.75 and from 4,189,000 Shares to 8,378,000 Shares respectively.
4. The share options can be exercised in two instalments, 50% of which at any time between 26 August 2011 to 25 August 2021 and the remaining 50% at any time between 26 August 2012 to 25 August 2021.
5. The share options can be exercised in two instalments, 50% of which at any time between 26 August 2012 to 25 August 2021 and the remaining 50% at any time between 26 August 2013 to 25 August 2021.
6. As at 30 June 2013, the Company had 8,378,000 share options outstanding under the 2011 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 8,378,000 additional ordinary Shares of the Company and additional share capital of approximately HK\$418,900 and share premium of approximately HK\$5,864,600 before issuance expenses.
7. During the period, no share options were granted, lapsed or cancelled under the 2011 Share Option Scheme. In respect of the share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$1.89.

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 Company has complied with the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules during the period from 1 January 2013 to 30 June 2013, except for the deviation of code provision A.2.1 of the CG Code.



REPORT OF THE DIRECTORS

Code provision A.2.1 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. During the period from 1 January 2013 to 30 June 2013, the Company has not appointed a chief executive officer and Mr. Wang, John Peter Ben, Chairman and Executive Director of the Company is responsible for the management of the Board. The Board considered that it was not necessary to appoint a chief executive officer because upon completion of the disposal of Arnhold (BVI) Limited, a former subsidiary of the Company, to Green Motherlode Limited on 22 February 2011, the Group was engaged in tiles trading and engineering operations (the “Remaining Business”) only. The Remaining Business continued to be managed by employees and personnel previously responsible for the same, and, hence, minimal supervision was necessary. Due to the aforesaid arrangement, the Company did not have a chief executive officer. The daily management of the Group was carried out by the Chairman of the Company. With effect from 10 July 2013, following the publication of the Company’s announcement relating to the Company’s proposed investments in gaming and resort development project in the Russian Federation, Mr. Ho, Lawrence Yau Lung has been appointed as Chairman and Non-executive Director of the Board and Mr. Wang, John Peter Ben has been re-designated from Chairman to Deputy Chairman of the Board and remains as an Executive Director of the Company.

The Company has established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Corporate Governance 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, 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 2013.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of directors which are required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) subsequent to the date of the 2012 Annual Report of the Company are set out below:

Name of Director	Details of Changes
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Mr. Ho, Lawrence Yau Lung	Appointed as Non-executive director and Chairman of the Board of the Company with effect from 10 July 2013
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REPORT OF THE DIRECTORS

Name of Director	Details of Changes
Mr. Wang, John Peter Ben	Resigned as Chairman of the Board and appointed as Deputy Chairman of the Board of the Company with effect from 10 July 2013
Mr. Tsui Yiu Wa, Alec	Manchester International Holdings Unlimited Corporation (a company listed on the Philippine Stock Exchange), in which Mr. Tsui is an independent director, has changed its name to Melco Crown (Philippines) Resorts Corporation

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 interim results of the Group for the six months ended 30 June 2013.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises one Non-executive Director, namely Mr. Ho, Lawrence Yau Lung (Chairman), one Executive Director, namely Mr. Wang, John Peter Ben (Deputy 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
Ho, Lawrence Yau Lung
Chairman and Non-executive Director

Hong Kong, 30 August 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 30 JUNE 2013

	Notes	(Unaudited)	
		Six months ended	
		30 June 2013	30 June 2012
		HK\$'000	<i>HK\$'000</i>
Turnover	6	1,469	6,952
Cost of sales	7	(896)	(5,005)
Gross profit		573	1,947
Operating expenses	8	(4,584)	(4,849)
Loss before income tax		(4,011)	(2,902)
Income tax expense	9	–	–
LOSS FOR THE PERIOD, ATTRIBUTABLE TO SHAREHOLDERS		(4,011)	(2,902)
Basic and diluted loss per share (HK cents)	10	(0.67)	(Restated) (0.52)

The notes on pages 16 to 24 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

		(Unaudited) At 30 June 2013 HK\$'000	(Audited) At 31 December 2012 HK\$'000
	<i>Notes</i>		
Current assets			
Inventories		181	5
Trade and other receivables	13	7,106	11,043
Tax recoverable		962	709
Cash and cash equivalents		108,943	25,603
		<hr/>	<hr/>
Total current assets		117,192	37,360
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Trade and other payables	14	6,177	7,781
Provisions	15	219	251
		<hr/>	<hr/>
Total current liabilities		6,396	8,032
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net assets		110,796	29,328
		<hr/>	<hr/>
Capital and reserves			
Share capital	16	30,982	23,794
Reserves		79,814	5,534
		<hr/>	<hr/>
Shareholders' funds		110,796	29,328
		<hr/>	<hr/>

The notes on pages 16 to 24 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 30 JUNE 2013

	(Unaudited)	
	Six months ended	
	30 June 2013	30 June 2012
	HK\$'000	HK\$'000
Cash flows from operating activities		
Loss before income tax	(4,011)	(2,902)
Adjustment for:		
Share-based compensation benefits	340	1,232
Write back of provision for stock obsolescence	(68)	(108)
(Write back of provision)/provision for long service payments	(9)	30
Write back of provision for employee leave entitlements	(23)	6
	(3,771)	(1,742)
Changes in working capital		
(Increase)/decrease in inventories	(108)	205
Decrease in trade and other receivables	3,937	1,687
Decrease in trade and other payables	(1,604)	(949)
Decrease in provisions	-	(6)
	(1,546)	(805)
Cash used in operations	(1,546)	(805)
Tax paid	(253)	-
	(1,799)	(805)
Net cash used in operating activities	(1,799)	(805)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	885	-
Net proceeds from issuance of ordinary shares on an open offer	84,254	-
	85,139	-
Net cash generated from financing activities	85,139	-
Net increase/(decrease) in cash and cash equivalents	83,340	(805)
Cash and cash equivalents at the beginning of the period	25,603	28,877
Cash and cash equivalents at the end of the period	108,943	28,072
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	108,943	28,072

The notes on pages 16 to 24 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2013

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Retained earnings/ (accumulated loss) <i>HK\$'000</i>	Share-based compensation reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2012 (Audited)	23,794	2,146	6,232	1,308	33,480
Loss for the period, attributable to shareholders	–	–	(2,902)	–	(2,902)
Total comprehensive expense for the period ended 30 June 2012	–	–	(2,902)	–	(2,902)
Share-based compensation benefits	–	–	–	1,232	1,232
At 30 June 2012 (Unaudited)	23,794	2,146	3,330	2,540	31,810
At 1 January 2013 (Audited)	23,794	2,146	224	3,164	29,328
Loss for the period, attributable to shareholders	–	–	(4,011)	–	(4,011)
Total comprehensive expense for the period ended 30 June 2013	–	–	(4,011)	–	(4,011)
Share option scheme:					
Issuance of ordinary shares	50	835	–	–	885
Issuance of ordinary shares on an open offer (note 16)	7,138	77,116	–	–	84,254
Share-based compensation benefits	–	–	–	340	340
	7,188	77,951	–	340	85,479
At 30 June 2013 (Unaudited)	30,982	80,097	(3,787)	3,504	110,796

The notes on pages 16 to 24 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 (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 30 August 2013.

2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2013 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 2012, 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial information for the six months ended 30 June 2013 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are relevant to the Group’s financial statements:

- Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income
- HKFRS 10 Consolidated financial statements
- HKFRS 11 Joint arrangements
- HKFRS 12 Disclosure of interest in other entities
- HKFRS 13 Fair value measurement
- HKAS 27 (revised 2011) Separate financial statements
- HKAS 28 (revised 2011) Investments in associates and joint ventures
- Fourth 2011 annual improvement projects

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in and disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new and revised standards, amendments and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2013.

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 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 2012.

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).

As at 31 December 2012 and 30 June 2013, the Group did not have any financial assets or financial liabilities in the balance sheet which is measured at fair value. The carrying value of the Group's financial assets and liabilities approximate their fair values.

6 Turnover and segmental information

The principal activities of the Group are tiles trading and engineering operations in Hong Kong. The Group has only one operating segment carried out business in Hong Kong. No segment analysis is presented other than entity-wide disclosures.

Revenues recognised in the condensed consolidated statement of profit or loss are as follows:

	(Unaudited) Six months ended	
	30 June 2013 HK\$'000	30 June 2012 <i>HK\$'000</i>
Turnover		
Sales of goods	1,469	6,952

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

	(Unaudited) At 30 June 2013 HK\$'000	(Audited) At 31 December 2012 <i>HK\$'000</i>
Total segment assets	7,934	11,443
Unallocated:		
Cash and cash equivalents	108,943	25,603
Others	315	314
Total assets	117,192	37,360

There has been no material change in total liabilities from the amount disclosed in the latest annual financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 Cost of sales

	(Unaudited)	
	Six months ended	
	30 June 2013	30 June 2012
	HK\$'000	HK\$'000
Cost of inventories sold	896	5,005

8 Operating expenses

	(Unaudited)	
	Six months ended	
	30 June 2013	30 June 2012
	HK\$'000	HK\$'000
Administrative expenses:		
Employee benefits expenses	2,407	2,950
Operating lease rentals on properties paid to third parties	263	263
Share-based compensation benefits to consultants	228	680
Travelling expenses	143	34
Entertainment expenses	18	86
Stamps, postage and telephone	14	15
Auditor's remuneration	300	314
Legal and professional fees	1,074	168
Advertising expenses	73	74
	4,520	4,584
Other operating expenses:		
Write back of provision for stock obsolescence	(68)	(108)
(Write back of provision)/provision for long service payments	(9)	30
(Write back of provision)/provision for employee leave entitlements	(23)	6
Sundry expenses	164	337
	64	265
	4,584	4,849

9 Income tax expense

No Hong Kong profits tax has been provided as the Group has no assessable profit arising in or deriving from Hong Kong activities during the six months ended 30 June 2012 and 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited)	
	Six months ended	
	30 June 2013	30 June 2012
	HK\$'000	HK\$'000
Loss for the period, attributable to shareholders	(4,011)	(2,902)
	Number of shares	Number of shares (Restated)
Weighted average number of ordinary shares in issue (Note)	597,409,330	561,537,418

Note: The weighted average number of ordinary shares in issue and the basic and diluted loss per share for the six months ended 30 June 2012 have been restated to reflect the effect of an open offer on the basis of three offer shares for every ten existing shares and share subdivision during the current period (note 16).

(b) Diluted loss per share

There is no dilution effect on potential ordinary shares for the periods ended 30 June 2012 and 2013.

11 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. Forfeited contributions totaling HK\$15,000 (2012: Nil) was utilised during the current period.

Contributions of HK\$37,000 (31 December 2012: HK\$80,000) were payable to the Retirement Scheme as at 30 June 2013.

12 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 Trade and other receivables

	(Unaudited) At 30 June 2013 HK\$'000	(Audited) At 31 December 2012 HK\$'000
Trade receivables	169	772
Retention receivables	–	55
	<hr/>	<hr/>
Gross trade and retention receivables	169	827
Less: provision for impairment of receivables	–	–
	<hr/>	<hr/>
Net trade and retention receivables	169	827
Receivables from a related company	6,622	9,902
Prepayments and other receivables	315	314
	<hr/>	<hr/>
	7,106	11,043
	<hr/>	<hr/>

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.

Receivables from a related company is due from Arnold & Co., Ltd., a company owned by the Green Family, who is the Company's controlling shareholder prior to 22 February 2011. Refer to note 17 for details.

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, retention and other receivables is as follows:

	(Unaudited) At 30 June 2013 HK\$'000	(Audited) At 31 December 2012 HK\$'000
Current	7,001	10,507
One to three months overdue	105	481
Three to twelve months overdue	–	–
Overdue more than twelve months	–	55
	<hr/>	<hr/>
Total trade, retention and other receivables	7,106	11,043
	<hr/>	<hr/>

The trade and retention receivables included in the above ageing are considered not impaired as these relate to a number of independent customers for whom there is no recent history of default. As at 30 June 2013 and 31 December 2012, no trade and retention receivables were impaired and provided for.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 Trade and other payables

	(Unaudited) At 30 June 2013 HK\$'000	(Audited) At 31 December 2012 HK\$'000
Trade payables	410	1,299
Accruals and other payables	4,476	5,607
Advances received from customers	1,291	875
	<u>6,177</u>	<u>7,781</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 other payables is as follows:

	(Unaudited) At 30 June 2013 HK\$'000	(Audited) At 31 December 2012 HK\$'000
Current	36	487
One to three months overdue	11	263
Overdue more than three months	363	549
	<u>410</u>	<u>1,299</u>
Total trade payables	410	1,299
Accruals and other payables	4,476	5,607
Advances received from customers	1,291	875
	<u>6,177</u>	<u>7,781</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 Provisions

	Long service payments <i>HK\$'000</i>	Employee leave entitlements <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2012 (Audited)	47	172	219
Additional provisions	30	174	204
Less: Amounts utilised	–	(168)	(168)
Charged to condensed consolidated statement of profit or loss	30	6	36
Less: Amounts settled	–	(6)	(6)
Net effect on provisions	30	–	30
At 30 June 2012 (Unaudited)	77	172	249
At 1 January 2013 (Audited)	49	202	251
(Reversal of provisions)/additional provisions	(9)	158	149
Less: Amounts utilised	–	(181)	(181)
Credited to condensed consolidated statement of profit or loss	(9)	(23)	(32)
Less: Amounts settled	–	–	–
Net effect on provisions	(9)	(23)	(32)
At 30 June 2013 (Unaudited)	40	179	219

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 Share capital

Ordinary shares of HK\$0.05 each	Authorised (Number of shares)	Issued and fully paid	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2012 (Audited), 30 June 2012 (Unaudited) and 31 December 2012 (Audited)	800,000,000	237,939,584	23,794	2,146	25,940
Shares issued from an open offer (note a)	–	71,381,875	7,138	77,116	84,254
Share option scheme – proceeds from shares issued (note b)	–	500,000	50	835	885
Share subdivision (note c)	800,000,000	309,821,459	–	–	–
At 30 June 2013 (Unaudited)	<u>1,600,000,000</u>	<u>619,642,918</u>	<u>30,982</u>	<u>80,097</u>	<u>111,079</u>

Notes:

- (a) The Company completed an open offer to raise gross proceeds of approximately HK\$85.7 million by way of an open offer on the basis of three offer shares for every ten existing shares at a subscription price of HK\$1.20 per offer share ("Open Offer") in April 2013. The Company has issued 71,381,875 new shares from the Open Offer.

The net proceeds, after deduction of related expenses, of approximately HK\$84.3 million from the Open Offer is applied for general working capital purposes and for financing new investment opportunities.

- (b) During the six months ended 30 June 2013, share options exercised resulted in 500,000 shares being issued, with exercise proceeds of HK\$885,000. In respect of the share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$1.89.
- (c) Upon the share subdivision became effective on 3 June 2013, each of the existing issued and unissued shares of par value of HK\$0.10 each in the share capital of the Company has been subdivided into two subdivided shares of par value of HK\$0.05 each. Following the effective of share subdivision, the authorised share capital of the Company becomes HK\$80,000,000 divided into 1,600,000,000 subdivided shares of HK\$0.05 each, of which 619,642,918 subdivided share were in issue and fully paid.

All the shares issued during the six months ended 30 June 2013 rank *pari passu* with the then existing shares in all respects.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 Related party transactions

- (a) The trade and other receivables include receivables from Arnold & Co., Ltd., a related company, in relation to the sales receipts collected on behalf of a subsidiary of the Company of HK\$6,622,000 (31 December 2012: HK\$9,902,000). The receivables are unsecured in nature and bear no interest and repayable on demand. No provisions are held against receivables from related parties as at 30 June 2013 (31 December 2012: Nil).
- (b) During the six months ended 30 June 2013, the operating lease rentals of HK\$144,000 were paid to a related company jointly controlled by a key management personnel of a subsidiary on normal commercial terms and conditions (2012: HK\$144,000).
- (c) Key management compensation amounted to HK\$90,000 for the six months ended 30 June 2013 (2012: HK\$145,000).

18 Events after the reporting period

On 10 July 2013, the Company entered into an amended and restated preliminary agreement (the "Preliminary Agreement") with New Crescent Investment Limited ("New Crescent"), a company incorporated in the British Virgin Islands with limited liability and being a wholly-owned subsidiary of Melco International Development Limited, a company incorporated in Hong Kong with limited liability and having its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited, and Elegant City Group Limited ("Elegant City"), a company incorporated in the British Virgin Islands with limited liability.

On 23 August 2013, Summit Ascent Russia Limited ("SARL"), a company incorporated in the British Virgin Islands, being a wholly-owned subsidiary of the Company, entered into an investment agreement (the "Investment Agreement") with New Crescent, Firich Investment Limited, Elegant City and Oriental Regent Limited ("Oriental Regent"), a company incorporated in Hong Kong with limited liability, to supersede and replace the Preliminary Agreement. Firich Investment Limited is a company incorporated with limited liability in Mauritius and a wholly-owned subsidiary of Firich Enterprises Co., Ltd, a company incorporated with limited liability in Taiwan and having its shares listed on the GreTai Securities Market in Taiwan.

The Investment Agreement provides that SARL will make an investment in a gaming and resort development project in Russia, by subscribing new shares of Oriental Regent, representing 46% of the enlarged issued share capital of Oriental Regent upon completion pursuant to the terms and conditions of the Investment Agreement. New Crescent is an associate (as defined in the Listing Rules) of Mr. Ho, Lawrence Yau Lung, the Chairman and Non-executive director and a controlling shareholder of the Company, accordingly, New Crescent is a connected person of the Company and the entering into by SARL of the Investment Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The estimated total investment for the casino resort complex to be constructed is approximately US\$130 million (approximately HK\$1,008.2 million), of which 46% (approximately HK\$463.9 million) is expected to be funded by the Company.

Further details of the transaction have been set out in the announcements of the Company dated 10 July 2013 and 25 August 2013.