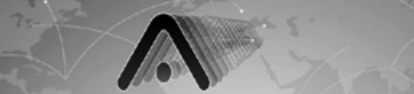
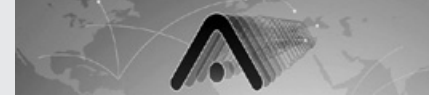


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Highlights

- Turnover decreased to HK\$9.8 million (2011: HK\$72.3 million) amid a difficult operating environment.
- Losses for the year amounted to approximately HK\$6 million (2011: Profit of HK\$2.3 million).
- Healthy balance sheet with no bank borrowing.
- Potential investment opportunities are currently being actively explored by the Company. The potential opportunities include a possible investment in a gaming and resort development project in an Eastern European country. The Company is conducting preliminary due diligence in connection with the project.
- An Open Offer of shares to existing shareholders is currently undergoing.



Chairman's Statement

On behalf of the Board of Directors (the "Board"), I am pleased to present the results of Summit Ascent Holdings Limited (the "Company") and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2012.

2012 was a difficult year for the Group. The new administration in Hong Kong has implemented various measures to curb property price speculation. Such measures resulted in increasing uncertainties in the property market. Developers have thus become more cautious and demanding in supplier selection. Our business was adversely affected with turnover down by 86% to HK\$9.8 million (2011: HK\$72.3 million). Despite stringent cost control, the year still saw a loss of approximately HK\$6 million (2011: profit of HK\$2.3 million).

We expect the local building materials market to remain sluggish. As a result, 2013 is expected to continue to be a difficult year.

Potential investment opportunities are currently being actively explored by the Company. The potential opportunities include a possible investment in a gaming and resort development project in an Eastern European country. The Company is conducting preliminary due diligence in connection with this project.

The Company announced on 28 February 2013 a proposed open offer to existing shareholders to raise not less than HK\$85.7 million. With additional funding and a committed team, we believe we can formulate a new path for sustainable growth in the future.

Finally, I would like to express my heartfelt thanks to the management team and staff for their commitment and contribution to the Group's business in the past year.

Wang, John Peter Ben

Chairman and Executive Director

Hong Kong, 25 March 2013



Management Discussion and Analysis

Review of Operations

During the reporting period, the Company and its subsidiaries (the “Group”) continued to focus on the tiles trading and engineering operations.

The Group’s turnover of the continuing operations for the year was HK\$9.8 million with gross profit of HK\$3 million (2011: HK\$72.3 million and HK\$15.9 million respectively) reflecting a difficult period of weak order book. In view of the challenging economic and business environment, developers had become more selective in supplier assessment and introduced more stringent tender requirements that limited our market opportunities. With a simple and lean structure, operating expenses for the year were further reduced to HK\$9 million (2011: HK\$12.8 million). These were largely attributable to the saving in staff remuneration and reduction in provisions for stock. As a result, the Group reported a net loss of HK\$6 million for the year, comparing to a net profit of HK\$2.3 million in 2011.

The Group’s outstanding orders on hand amounted to HK\$0.8 million amid the uncertainties and challenges of our market segment (as at 31 December 2011: HK\$9.1 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 5 to the consolidated financial statements.

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.

Liquidity and Financial Resources

The Group maintained a healthy financial position with no bank borrowing and no gearing as at 31 December 2012 (31 December 2011: Nil). The Group remained conservative in working capital management. Cash and cash equivalents were HK\$25.6 million compared to the Group’s total cash and cash equivalents of HK\$28.9 million as at 31 December 2011. Most of the Group’s cash balances are placed with a reputable financial institution. We will continue to manage our cash flow cautiously and expect to meet our future routine financial requirements from internal resources. The Company also plans to use the net proceeds from the Proposed Open Offer for financing new investment opportunities.

Contingent Liabilities and Capital Commitment

There were no contingent liabilities and capital commitment as at 31 December 2012.



Management Discussion and Analysis

Employees

As at 31 December 2012, the Group had approximately 11 employees in Hong Kong. The Group continues to provide remuneration packages and training programmes to employees with reference to prevailing market practices. Under the existing share option scheme of the Company, and in compliance with the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the Directors were authorised to grant share options to directors, employees and consultants of the Group as incentives. Details of the share options granted are disclosed in the Report of the Directors annexed to this annual report.

Outlook

The recent policy address of the Chief Executive did not reveal any significant infrastructure projects or new initiatives to stimulate the consumer confidence. Together with the uncertainties surrounding the economic conditions in the Mainland, US and EU, the recovery path of Hong Kong is likely to be bumpy in 2013.

We expect the local economy will have a slow start and our short term financial performance may be further impaired. While maintaining a competitive and lean business structure, the Board is actively pursuing new business opportunities to regain our growth momentum.

With a solid financial foundation built through its conservative policy, the group remains confident and committed to its future.



Profiles of Directors and Senior Management

Mr. Wang, John Peter Ben (aged 53)

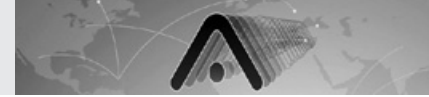
Chairman and Executive Director

Mr. Wang has been the Chairman and Executive Director of the Company since 25 March 2011. He is currently a non-executive director of Melco Crown Entertainment Limited, a company listed on the Main Board of the Hong Kong Stock Exchange and NASDAQ Global Select Market in the United States. He is also a non-executive director of Anxin-China Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange, and MelcoLot Limited, a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange. He previously held non-executive directorships in Oriental Ginza Holdings Limited (now renamed Carnival Group International Limited) and China Precious Metal Resources Holdings Co., Ltd., both of which are companies listed on the Main Board of the Hong Kong Stock Exchange. From 2004 to 2009, Mr. Wang was the chief financial officer of Melco International Development Limited (“Melco”), a company listed on the Main Board of the Hong Kong Stock Exchange. Prior to joining Melco in 2004, Mr. Wang had over 18 years of professional experience in the securities and investment banking industry. His previous employers include JS Cresvale Securities International Limited, Deutsche Morgan Grenfell Securities Hong Kong Limited, Credit Lyonnais Securities (Asia) Limited, Carr Indosuez Asia Limited and Bear Stearns (Hong Kong) Limited. Mr. Wang qualified as a chartered accountant with the Institute of Chartered Accountants of England and Wales in 1985.

Mr. Tsui Yiu Wa, Alec (aged 63)

Independent Non-executive Director

Mr. Tsui has been an Independent Non-executive Director of the Company since 25 March 2011. He is also the chairman of the remuneration committee and corporate governance committee and a member of the audit committee and nomination committee of the Company. He is currently the Chairman of WAG Worldsec Corporate Finance Limited, an independent non-executive director of a number of listed companies in Hong Kong, Nasdaq and Shanghai, including China Chengtong Development Group Limited, COSCO International Holdings Limited, China Power International Development Limited, Pacific Online Ltd., all listed on the Hong Kong Stock Exchange, and China Oilfield Services Limited, a company listed on both the Hong Kong Stock Exchange and Shanghai Stock Exchange, Melco Crown Entertainment Limited, a company listed on the Hong Kong Stock Exchange and Nasdaq, ATA Inc., a company listed on Nasdaq and an independent director of Manchester International Holdings Unlimited Corporation, a company listed on the Philippines Stock Exchange. Mr. Tsui is also an independent non-executive director of Industrial & Commercial Bank of China (Asia) Limited (“ICBC (Asia)”) starting from 2000. ICBC (Asia) was listed on the Hong Kong Stock Exchange till December 2010 when it was privatized. Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning, information technology and human resources management, having served at various international companies. He held key positions at the SFC prior to joining the Stock Exchange in 1994 as an Executive Director of the Finance and Operations Services Division and becoming the chief executive in 1997. He was Chairman of the Hong Kong Securities Institute from 2001 to 2004. He was an advisor and a council member of the Shenzhen Stock Exchange from July 2001 to June 2002. He previously served as an independent non-executive director of certain Hong Kong listed companies, namely Synergis Holdings Limited, Vertex Group Limited, Greentown China Holdings Limited, China Huiyuan Juice Group Limited and China BlueChemical Ltd. Mr. Tsui graduated from the University of Tennessee with a Bachelor of Science degree and a Master of Engineering degree in industrial engineering. He completed a Program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University.



Profiles of Directors and Senior Management

Mr. Pang Hing Chung, Alfred (aged 51)

Independent Non-executive Director

Mr. Pang has been an Independent Non-executive Director of the Company since 25 March 2011. He is also a member of the audit committee of the Company. He is currently the Chairman, Investment Banking, Asia of Standard Bank Plc, Hong Kong Branch and a member of Standard Bank's Asia Executive Committee. He is also an independent non-executive director of MelcoLot Limited, a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange. Mr. Pang has over 25 years of financial, management and investment banking experience in China, Asia and the United States. Before joining Standard Bank, Mr. Pang was the Managing Director and Vice Chairman, Investment Banking Division, at BOC International Holdings Ltd. ("BOCI") where he was also the Chairman of BOCI's Commitment Committee. Prior to joining BOCI, he was the Managing Director and President, Asia at the US investment banking firm of Donaldson Lufkin & Jenrette. Mr. Pang holds dual Bachelor of Arts (in Economics) & Bachelor of Science (in Electrical Engineering) Degrees from Cornell University, and MBA Degree from Stanford University Graduate School of Business in the United States.

Dr. Tyen Kan Hee, Anthony (aged 57)

Independent Non-executive Director

Dr. Tyen has been an Independent Non-executive Director of the Company since 25 March 2011. He is also the chairman of the audit committee and nomination committee and a member of the remuneration committee and corporate governance committee of the Company. He is currently an independent non-executive director of Melco International Development Limited and ASR Holdings Ltd., both companies listed on the Hong Kong Stock Exchange, and an independent director of Entertainment Gaming Asia Inc., a company listed on the NASDAQ Capital Market and Alpha Peak Leisure Inc., a company listed on the TSX Venture Exchange Inc. He was previously an independent non-executive director of two Hong Kong listed companies, namely, Value Convergence Holdings Limited and Recruit Holdings Limited. Dr. Tyen holds a Doctoral degree in Philosophy and a Master degree in Business Administration, both from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of both the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators and a member of the Taxation Institute of Hong Kong. He is currently a practising certified public accountant in Hong Kong and has over 30 years' experience in auditing, accounting, management and company secretarial practice.

Mr. Tsang Yuen Wai, Samuel (aged 58)

Company Secretary

Mr. Tsang has been the Company Secretary of the Company since 25 March 2011. Mr. Tsang is a solicitor admitted in Hong Kong, England and Australia. Mr. Tsang has worked as a lawyer with major law firms and listed conglomerates in Hong Kong for over 20 years. He holds a master of laws degree from University of Hong Kong and a master of business administration degree from the Australian Graduate School of Management.



Corporate Information

Board of Directors

Executive Director

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

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec

Mr. Pang Hing Chung, Alfred

Dr. Tyen Kan Hee, Anthony

Audit Committee

Dr. Tyen Kan Hee, Anthony (*Chairman*)

Mr. Tsui Yiu Wa, Alec

Mr. Pang Hing Chung, Alfred

Remuneration Committee

Mr. Tsui Yiu Wa, Alec (*Chairman*)

Dr. Tyen Kan Hee, Anthony

Nomination Committee

Dr. Tyen Kan Hee, Anthony (*Chairman*)

Mr. Tsui Yiu Wa, Alec

Corporate Governance Committee

Mr. Tsui Yiu Wa, Alec (*Chairman*)

Dr. Tyen Kan Hee, Anthony

Company Secretary

Mr. Tsang Yuen Wai, Samuel

Registered Office

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Head Office in Hong Kong

Room 3701, 37th Floor

The Centrium

60 Wyndham Street

Hong Kong

Principal Place of Business in Hong Kong

6th Floor, Victoria Centre

15 Watson Road

North Point

Hong Kong

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Auditor

PricewaterhouseCoopers

Principal Share Registrar and Transfer Agent

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08

Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

Stock Code

The Stock Exchange of Hong Kong Limited: 102

Website

<http://www.summitascentholdings.com>

The Company is committed to maintaining high standards of corporate governance in fulfilling its 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.

Corporate Governance Practices

The Stock Exchange of Hong Kong Limited has promulgated the Code on Corporate Governance Practices (the “Former CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) which came into effect in January 2005. On 1 April 2012, the Former CG Code was amended and renamed as Corporate Governance Code.

The Company has complied with the code provisions of the Former CG Code during the period from 1 January 2012 to 31 March 2012 and the code provisions of the Corporate Governance Code (the “CG Code”) during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 of the Listing Rules, 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, 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 and as the Company did not currently have any other business, the Company did not have a chief executive officer. The daily management of the Group was carried out by the Chairman of the Company. 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, would 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.



Corporate Governance Report

Corporate Governance Practices (cont'd)

(iii) Code provision A.6.7 of the CG Code provides that independent and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. All directors of the Company except Mr. Pang Hing Chung, Alfred, an Independent Non-executive Director, have attended the annual general meeting held on 24 May 2012 (the “2012 AGM”). Mr. Pang was absent from the 2012 AGM as he had another business engagement.

The Board of Directors

Composition of the Board

The Board currently has four members, consisting of one Executive Director, 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. The composition of the Board is in conformity with Rules 3.10(1) and 3.10(2) of the Listing Rules, which stipulate a minimum of three independent non-executive directors with at least one possessing appropriate professional qualifications and expertise. The names and biographical details of the Directors are disclosed in the section “Profiles of Directors and senior management” set out on pages 6 to 7 of this annual report.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

All Directors entered into formal letters of appointment with the Company which set out the key terms and conditions of their appointment. At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation pursuant to the Bye-laws of the Company, provided that every director shall be subject to retirement at least once every three years. This year, Mr. Wang, John Peter Ben and Dr. Tyen Kan Hee, Anthony will retire and they are eligible to offer themselves for re-election at the forthcoming annual general meeting. The biographical details of Mr. Wang and Dr. Tyen have been set out in a circular to assist shareholders to make an informed decision on their re-elections.

The Board of Directors (cont'd)

Directors' Training

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities and obligations under relevant statutes, laws, rules and regulations. The Company Secretary also provides Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. To enable the Directors to discharge duties, Directors are provided with monthly updates on the Company's performance, position and prospects.

All Directors have participated in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house training for Directors. There are also arrangements in place for providing continuing professional development to Directors at the Company's expense whenever necessary. A summary of training received by Directors from 1 April 2012 up to 31 December 2012 is as follows:

| | Type of Continuous Professional Development | |
|--|--|----------------------------|
| | Attending seminars/forms/workshops/conferences relevant to the business or directors' duties | Reading regulatory updates |
| Executive Director | | |
| Mr. Wang, John Peter Ben | ✓ | ✓ |
| Independent Non-executive Directors | | |
| Mr. Tsui Yiu Wa, Alec, | ✓ | ✓ |
| Mr. Pang Hing Chung, Alfred | ✓ | ✓ |
| Dr. Tyen Kan Hee, Anthony | ✓ | ✓ |

Board Meetings

The Board meets regularly (at least 4 times a year) over the Company's affairs and operations. The Directors either participated in person or through electronic means of communication. At least 14 days' notice of all board meetings were given to all Directors, who were given an opportunity to include matters in the agenda for discussion. Agenda and accompanying board papers were circulated with sufficient time to allow Directors to prepare before meetings.

The Board held a total of 4 meetings during the year ended 31 December 2012. At the board meetings, the Directors considered and approved the financial results, discussed the overall strategy as well as the operation and financial performance of the Group. All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. The Company Secretary records all matters considered by the Board, decisions reached and any concerns raised or dissenting views expressed by Directors. All businesses transacted at the meetings were documented and the records are maintained in accordance with applicable laws and regulations.

Corporate Governance Report

The Board of Directors (cont'd)

Board Meetings (cont'd)

Set out below is the attendance record of each member of the Board at the board meetings during the year ended 31 December 2012 which illustrates the attention given by the Board in overseeing the Company's affairs:

| | No. of meetings attended/held in 2012 | Attendance rate |
|--|---|-----------------|
| Executive Director | | |
| Mr. Wang, John Peter Ben (<i>Chairman</i>) | 4/4 | 100% |
| Independent Non-executive Directors | | |
| Mr. Tsui Yiu Wa, Alec | 4/4 | 100% |
| Mr. Pang Hing Chung, Alfred | 4/4 | 100% |
| Dr. Tyen Kan Hee, Anthony | 4/4 | 100% |

Procedure to enable Directors to seek independent professional advice

To assist the Directors to discharge their duties to the Company, the Board has established written procedures to enable the Directors, upon reasonable request, to seek independent professional advice, at the Company's expense, in appropriate circumstances. No request was made by any Director for such independent professional advice in 2012.

Securities Dealings of Directors and Relevant Employees

The Company has adopted a code of conduct regarding Directors' securities dealings on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of the Directors, all have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors set out in the Model Code for the year 2012. The Company has also established written guidelines for the relevant employees of the Company to regulate their dealings in the securities of the Company.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

Delegation by the Board

The Board is chaired by Mr. Wang, John Peter Ben, who is the Chairman and Executive Director of the Company. As set out in paragraph (i) of the "Corporate Governance Practices" section above, Mr. Wang is also responsible for the daily management of the Group.

Delegation by the Board (cont'd)

To assist the Board in execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to board committees, which review and make recommendations to the Board in specific areas. Each committee has its defined scope of duties and terms of reference and the committee members are empowered to make decisions on matters within the terms of reference of each committee. The terms of reference of the board committees have been posted on the Company's website at <http://www.summitascentholdings.com> under the section "Corporate Governance".

(1) Audit Committee

The Audit Committee was established with written terms of reference that describe the authority and duties of the Committee. Such terms of reference were prepared and adopted with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants and in compliance with the code provisions stipulated in the CG Code. Currently, the Audit Committee comprises three Independent Non-executive Directors, namely Dr. Tyen Kan Hee, Anthony (Chairman), Mr. Tsui Yiu Wa, Alec and Mr. Pang Hing Chung, Alfred. They all possess appropriate professional qualifications and expertise required by Rule 3.21 of the Listing Rules.

The Audit Committee is accountable to the Board. It provides an important link between the Board and the Company's auditor in matters coming within the scope of the Group audit. The Group's external auditor is PricewaterhouseCoopers. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The Audit Committee has reviewed the Company's half-yearly and annual results and its system of internal control. The Committee also carried out and discharged its duties as set out in the CG Code. Other details of the role and function of the Committee are available on the Company's website under the section "Corporate Governance".

During the year 2012, the Audit Committee held a total of two meetings. At the meetings, they reviewed the financial results for the year ended 31 December 2011 and interim financial results for the six months ended 30 June 2012, the remuneration of external auditor and the internal control report.

The attendance record of each member of the Committee during the year ended 31 December 2012 is set out below:

| | No. of meetings attended/held in 2012 | Attendance rate |
|---|---|-----------------|
| Dr. Tyen Kan Hee, Anthony (<i>Chairman</i>) | 2/2 | 100% |
| Mr. Tsui Yiu Wa, Alec | 2/2 | 100% |
| Mr. Pang Hing Chung, Alfred | 2/2 | 100% |

Corporate Governance Report

Delegation by the Board (cont'd)

(2) Remuneration Committee

The Remuneration Committee comprises two Independent Non-executive Directors, namely Mr. Tsui Yiu Wa, Alec (Chairman) and Dr. Tyen Kan Hee, Anthony. It determines the remuneration packages (including salaries, bonuses, benefits in kind etc.) of executive directors and senior management and makes recommendations to the Board on policies and structure for remuneration of directors and senior management, on the establishment of a formal and transparent procedure for developing policy on such remuneration and on the remuneration of Non-executive Directors. Other details of the role and function of the Remuneration Committee are set out at the Company's website under the section "Corporate Governance".

The Remuneration Committee held one meeting during the year to review the remuneration for directors and senior management of the Company. The attendance record of each member of the Committee is set out below:

| | No. of meetings attended/held in 2012 | Attendance rate |
|---|---|-----------------|
| Mr. Tsui Yiu Wa, Alec (<i>Chairman</i>) | 1/1 | 100% |
| Dr. Tyen Kan Hee, Anthony | 1/1 | 100% |

The Remuneration Committee is provided with sufficient resources to perform its duties. It may seek independent professional advice at the Company's expense to perform its responsibilities where necessary.

Remuneration policy

The formulation of the Group's remuneration strategy and policy is based on the principles of equity and market competitiveness so as to drive staff to work towards the mission of the Group and to retain talents. As a long-term incentive plan and with the aim at motivating Directors and employees in the continued pursuit of the Company's goal and objectives and to recognize their contributions to the Group, the Company has adopted a share option scheme under which the Company may grant share options to the Directors/employees/consultants to subscribe for the shares of the Company.

Emoluments of Directors

The emoluments of the Directors are determined with regard to the performance of individuals, the Company's operating results and market standards. During the year, the Remuneration Committee has considered the remuneration of the Executive Director and the director's fee of the Independent Non-executive Directors.

Delegation by the Board (cont'd)

(3) Nomination Committee

The Nomination Committee was newly formed on 22 March 2012. It is made up of two Independent Non-executive Directors, namely Dr. Tyen Kan Hee, Anthony (Chairman) and Mr. Tsui Yiu Wa, Alec. It reviews the structure, size and composition (including the skills, knowledge and experience) of the Board, identifies the individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorship and on matters relating to the appointment and re-appointment of directors and succession planning for directors.

The Nomination Committee held one meeting during the year to review the structure, size and composition of the Board and assess the independence of non-executive directors. The attendance record of each member of the Committee is set out below:

| | No. of meetings attended/held in 2012 | Attendance rate |
|---|---|-----------------|
| Dr. Tyen Kan Hee, Anthony (<i>Chairman</i>) | 1/1 | 100% |
| Mr. Tsui Yiu Wa, Alec | 1/1 | 100% |

The Nomination Committee is provided with sufficient resources to perform its duties. It may seek independent professional advice at the Company's expense to perform its responsibilities where necessary.

(4) Corporate Governance Committee

The Corporate Governance Committee was newly formed on 22 March 2012 to assist the Board to perform corporate governance functions. It is composed of two Independent Non-executive Directors, namely Mr. Tsui Yiu Wa, Alec (Chairman) and Dr. Tyen Kan Hee, Anthony.

The Board has delegated the following corporate governance duties to the Corporate Governance Committee:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- (e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

Corporate Governance Report

Delegation by the Board (cont'd)

(4) Corporate Governance Committee (cont'd)

The Corporate Governance Committee held one meeting during the year to review the Company's policies and practices on corporate governance, training and continuous professional development of Directors and senior management and the corporate governance report. The attendance record of each member of the Committee is set out below:

| | No. of meetings attended/held in 2012 | Attendance rate |
|---|---|-----------------|
| Mr. Tsui Yiu Wa, Alec (<i>Chairman</i>) | 1/1 | 100% |
| Dr. Tyen Kan Hee, Anthony | 1/1 | 100% |

Internal Controls

The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company maintains a well-established control framework comprising clear structures and accountabilities, well understood policies and procedures and budgeting and review process. The management meets monthly to review divisional financial performance, business development plans, management issues, financial budgets and forecasts and capital expenditure proposals. Management accounts of the operating subsidiaries are reported to the Board on a monthly basis.

The Board works together with the Audit Committee to discharge its internal control responsibility for the ongoing oversight of the internal control framework which provides an important key to reinforcing the organisation's commitment to internal control.

The Company has implemented an annual programme to conduct an in-depth review of financial, operational and compliance controls and compliance with company financial policies at business units. The Board reports its findings to the Audit Committee and any material issues are reported and discussed with the Board.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's system of internal control for the year ended 31 December 2012 covering all material financial, operational and compliance controls and risk management functions, and considers that the system of internal control is adequate and effective.

Company Secretary

The Company Secretary supports the Chairman, the Board and the board committees by ensuring good information flow and that Board's policy and procedures are followed. The Company has engaged Mr. Tsang Yuen Wai, Samuel as external secretarial service provider. Mr. Tsang has been the Company Secretary of the Company since March 2011. He is a solicitor who has worked with major law firms and listed conglomerates in Hong Kong for over 20 years. He reports directly to Mr. Wang, John Peter Ben, the Chairman and Executive Director of the Company.

According to Rule 3.29 of the Listing Rules, Mr. Tsang has to comply with the annual professional training requirement commencing from 1 January 2013.

Directors' and Auditor's Responsibilities for Accounts

The Directors of the Company are responsible for the preparation and the true and fair presentation of the financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The responsibilities of external auditor for the accounts are set out in the Independent Auditor's Report on page 30 of this annual report.

Auditor's Remuneration

During the year, the fees charged by PricewaterhouseCoopers, the external auditor in respect of audit and non-audit services provided by the auditor to the Group were as follows:

| Nature of services | Amount (HK\$'000) |
|---------------------------|------------------------------|
| Audit services | 590 |
| Non-audit services: | |
| Tax services | 12 |



Corporate Governance Report

Constitutional Documents

During the year, there was no change in the Company's constitutional documents.

Shareholders' Rights

Right to convene special general meeting

Pursuant to the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half (1/2) of the total voting rights of all of them, may themselves convene a meeting in accordance with the provision of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

The written requisition requiring a special general meeting to be called must state the objects of the meeting, and must be signed by the requisitionists and deposited at the Registered Office of the Company in Bermuda for the attention of the Company Secretary.

Right to put forward proposals at general meetings

In accordance with Section 79 of the Companies Act, shareholders may by written request include a resolution in a general meeting. The request must be made by shareholders holding in aggregate not less than one-twentieth (1/20) of the total voting rights of those shareholders having the right to vote at the general meeting or not less than one hundred (100) shareholders. The written requisition must be signed by the requisitionists and deposited at the Registered Office of the Company in Bermuda for the attention of the Company Secretary.

Right to put enquiries to the Board

Shareholders have a right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the Head Office of the Company in Hong Kong or the Registered Office in Bermuda (the addresses are set out in the "Corporate Information" section of this annual report), or by e-mail to info@summitascentholdings.com, for the attention of the Company Secretary.

Shareholders' Rights (cont'd)

Procedures for nomination of Directors for election

Pursuant to bye-law 88 of the Bye-laws of the Company, shareholders are entitled to elect any person to be a Director at the annual general meeting or at any special general meeting by following the requirement set out in the said bye-law. Details of the procedures for nomination of Directors for election are available on the Company's website at <http://www.summitascentholdings.com>.

Communication with Shareholders

The Company regards the annual general meeting ("AGM") of the Company an important event as it provides an opportunity for the Board to communicate with the shareholders. The Chairman of the Board, members of the Board and external auditor will attend the AGM. Notice of AGM and related papers are sent to the shareholders at least 20 clear business days before the meeting. At the AGM, separate resolutions were proposed for each issue and were voted on by poll. The procedures for conducting a poll were explained at the meeting prior to the polls being taken. The Company supports the Corporate Governance Code's principle to encourage shareholders' participation. Questioning by the shareholders at the AGM is encouraged and welcomed.

The Chairman of the Board attended the AGM held on 24 May 2012. The chairman of each Board Committee or their appointed delegate was also present and available to answer questions at the AGM. The Company Secretary and our external auditor, PricewaterhouseCoopers, also attended the AGM. The attendance record of each Director at the AGM is set out below:

**Attendance
at the AGM held
on 24 May 2012**

Executive Director

Mr. Wang John Peter Ben (*Chairman*) ✓

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec ✓

Mr. Pang Hing Chung, Alfred –

Dr. Tyen Kan Hee, Anthony ✓

The Company Secretary responds to letters, emails and telephone enquiries from shareholders/investors. Shareholders and investors are welcome to raise enquiries through our email contact at info@summitascentholdings.com or by mail to our Company Secretary at Room 3701, 37th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The website of the Company at <http://www.summitascentholdings.com> also provides a medium to make information of the Company and the Group available to the shareholders with a section on "Corporate Governance" included.



Report of the Directors

The directors have pleasure in submitting their report together with the audited consolidated financial statements of Summit Ascent Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31 December 2012.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are shown in note 16 to the consolidated financial statements.

An analysis of the Group’s performance for the year by operating segments is set out in note 5 to the consolidated financial statements.

Major Customers and Suppliers

The percentages of sales and purchases for the year attributable to the Group’s major customers and suppliers during the financial year are as follows:

| | Percentage of the Group’s total | |
|-------------------------------------|---------------------------------|-----------|
| | Sales | Purchases |
| The largest customer | 25% | – |
| Five largest customers in aggregate | 45% | – |
| The largest supplier | – | 25% |
| Five largest suppliers in aggregate | – | 63% |

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company’s share capital) had an interest in these major customers or suppliers.

Results and Appropriations

The results of the Group for the year ended 31 December 2012 are set out in the consolidated statement of comprehensive income on page 32 of this annual report.

The directors do not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 23 to the consolidated financial statements, respectively.

Charitable Donations

No donation was made by the Group during the year (2011: Nil).

Share Capital and Share Options

Details of the movements in share capital and share options of the Company are set out in note 22 to the consolidated financial statements.

Distributable Reserves

Distributable reserves include contributed surplus and retained earnings. A memorandum of reduction of share premium of the Company was delivered to the Registrar of Companies on 21 February 2011, resulting in cancellation of the entire amount standing to the credit of the Company's share premium account as at 31 December 2010 of HK\$98,427,000. Following this, the share premium was classified as a distributable reserve.

There was no distributable reserve of the Company at 31 December 2012, as defined by the Companies Act 1981 of Bermuda (2011: HK\$1,368,000).

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 76 of this annual report.

Retirement Schemes

Particulars of the retirement schemes of the Group and the Company as at 31 December 2012 are set out in note 10 to the consolidated financial statements.

Pre-emptive Rights

No pre-emptive rights exist under the laws of Bermuda in relation to issue of new shares by the Company.



Report of the Directors

Directors

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

Executive Director:

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

Independent Non-executive Directors:

Mr. Tsui Yiu Wa, Alec

Mr. Pang Hing Chung, Alfred

Dr. Tyen Kan Hee, Anthony

In accordance with bye-laws 87(1) and (2) of the Company's Bye-laws, Mr. Wang, John Peter Ben and Dr. Tyen Kan Hee, Anthony will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive directors concerning their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

Biographical Details of Directors and Senior Management

Biographical details of directors and senior management as at the date of this report are set out on pages 6 to 7 of this annual report.

Directors' Service Contracts

None of the directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries 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 year or at any time during the year.

Related Party Transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2012, which do not constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), are disclosed in note 26 to the consolidated financial statements.

Share Options

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 “Share Option Scheme”) and the termination of the share option scheme adopted on 11 July 2002 (the “Old Share Option Scheme”). As at 31 December 2012, there was no share option outstanding under the Old Share Option Scheme.

Under the Share Option Scheme, the directors of the Company may, at their discretion, grant to any Participants (as defined below) share options to subscribe for the Company’s shares (each a “Share” or collectively the “Shares”), subject to the terms and conditions stipulated therein.

Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme:

(i) Purpose

The purpose of the Share Option Scheme is to recognize the contribution that Participants have made or may make to the Company, to provide them with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

(ii) Participants

The participants of the Share Option Scheme shall be (1) any executive or non-executive directors of any members of the Group and (2) any executives and employees of and consultants, professional and other advisers to any members of the Group.

(iii) Maximum number of shares available for issue under the Share Option Scheme

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of the adoption of the Share Option Scheme (the “Scheme Mandate Limit”) unless the Company seeks approval of its shareholders in general meeting to refresh the Scheme Mandate Limit, such that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. The Company may seek separate approval by its shareholders in general meeting for granting options beyond the 10% limit provided that the options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

As at the date of this report, a total of 19,743,958 Shares (representing approximately 8.30% of the issued share capital of the Company) may be issued upon exercise of all options which may be granted under the Share Option Scheme and a total of 4,050,000 Shares (representing approximately 1.70% of the issued share capital of the Company) may be issued upon exercise of all options which had been granted and yet to be exercised under the Share Option Scheme.



Report of the Directors

Share Options (cont'd)

Share Option Scheme (cont'd)

(iv) Maximum entitlement to any one Participant

The maximum entitlement for any one Participant (including both exercised and outstanding options) in any twelve months' period shall not exceed 1% of the total number of Shares in issue.

(v) Options granted to directors, chief executive or substantial shareholders

Options granted to directors, chief executive or substantial shareholders of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued upon the exercise of all options granted to such person within any 12-month period being more than 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, are subject to shareholders' approval in advance in a general meeting.

(vi) Period and payment on acceptance of options

The period under which an option must be exercised shall be such period as the Board may in its absolute discretion determine at the time of grant, save that such period shall not be longer than ten years from the date of grant pursuant to the Share Option Scheme. The minimum period for which an option must be held before it can be exercised is determined by the Board upon the grant of an option. The consideration on acceptance of an offer of the grant of an option is HK\$1.00 payable within 28 days from the offer date. The full amount of the exercise price for the subscription of Shares must be paid upon exercise of an option.

(vii) The basis of determining the exercise price

The exercise price in relation to each option shall be determined by the Board in its absolute discretion, but in any event shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

(viii) Remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date. It will expire on 6 July 2021.

Share Options (cont'd)

Share Option Scheme (cont'd)

(viii) Remaining life of the Share Option Scheme (cont'd)

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

| Category of participant | Number of share options | | | | Outstanding at 31 December 2012 | Approximate % of issued share capital | Date of grant of share options | Exercise price per share HK\$ | Notes |
|----------------------------------|-------------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|---------------------------------------|--------------------------------|-------------------------------|-------|
| | Outstanding at 1 January 2012 | Granted during the year | Exercised during the year | Lapsed/ cancelled during the year | | | | | |
| Directors | | | | | | | | | |
| Mr. Wang, John Peter Ben | 250,000 | - | - | - | 250,000 | 0.11% | 26.08.2011 | 1.77 | 2 |
| Mr. Tsui Yiu Wa, Alec | 250,000 | - | - | - | 250,000 | 0.11% | 26.08.2011 | 1.77 | 2 |
| Mr. Pang Hing Chung, Alfred | 250,000 | - | - | - | 250,000 | 0.11% | 26.08.2011 | 1.77 | 2 |
| Dr. Tyen Kan Hee, Anthony | 250,000 | - | - | - | 250,000 | 0.11% | 26.08.2011 | 1.77 | 2 |
| | 1,000,000 | - | - | - | 1,000,000 | 0.44% | | | |
| Employees and Consultants | | | | | | | | | |
| | 3,050,000 | - | - | - | 3,050,000 | 1.28% | 26.08.2011 | 1.77 | 3 |
| | 3,050,000 | - | - | - | 3,050,000 | 1.28% | | | |
| Total | 4,050,000 | - | - | - | 4,050,000 | 1.72% | | | |

Notes:

- As at 31 December 2012, the total number of issued shares of the Company was 237,939,584.
- 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.
- 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.
- As at 31 December 2012, the Company had 4,050,000 share options outstanding under the 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 4,050,000 additional ordinary shares of the Company and additional share capital of approximately HK\$405,000 and share premium of approximately HK\$6,763,500 before issuance expenses.

Report of the Directors

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2012, the interests and short position of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which the director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(I) Long position in the shares of the Company

Ordinary shares of HK\$0.10 each of the Company

| <u>Name of Director</u> | <u>Capacity</u> | <u>Nature of interest</u> | <u>Number of ordinary shares held</u> | <u>Approximate % of issued share capital</u> |
|--------------------------|------------------|---------------------------|---------------------------------------|--|
| Mr. Wang, John Peter Ben | Beneficial owner | Personal | 30,749,998 | 12.92% |

Note: As at 31 December 2012, the total number of issued shares of the Company was 237,939,584.

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

Details of the directors' interests in share options granted by the Company are set out under the section headed "Share Options" of this report.

Save as disclosed above, as at 31 December 2012, none of the directors and chief executive of the Company and their respective associates had any interests or short position in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Directors' Interests in Competing Business

As at 31 December 2012, none of the directors of the Company or their respective associates had any competing interests in any business, which competes or may compete, either directly or indirectly with the businesses of the Company pursuant to the Listing Rules.

Directors' Rights to Acquire Shares or Debentures

Save as for the share option schemes mentioned above, at no time during the year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Interests in the Share Capital of the Company

As at 31 December 2012, 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\$0.10 each of the Company

| Name | Capacity | Number of ordinary shares held/ Approximate % of issued share capital | | | | Note |
|----------------------------|------------------------------------|--|--------|-------------------|---|------|
| | | Long Position | % | Short Position | % | |
| 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% | – | – | 4 |
| Mr. Ko Chun Fung, Henry | Beneficial owner | 15,205,383 | 6.39% | – | – | – |
| Ms. Liu Suk Ling, Florence | Interest of spouse | 15,205,383 | 6.39% | – | – | 5 |
| Mr. Xu Yi | Beneficial owner | 15,374,999 | 6.46% | – | – | – |
| Ms. Wang Yujuan | Interest of spouse | 15,374,999 | 6.46% | – | – | 6 |

Notes:

- As at 31 December 2012, the total number of issued shares of the Company was 237,939,584.
- 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.
- 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.
- For the interests of Mr. Wang, John Peter Ben in the underlying shares of the Company (in respect of the share options granted by the Company), please refer to the section “Share Options” of this report.
- 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.
- 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 31 December 2012, the Company has not been notified of any other interests or short position 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

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2012, the Company has not redeemed any of its shares and 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 is 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.

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 code provisions of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the code provisions of the Corporate Governance Code (the "CG Code") during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 of the Listing Rules, except the code provision A.2.1 in respect of the separation of the roles of the Chairman and Chief Executive Officer, code provision A.4.1 in respect of the appointment of non-executive directors for specific terms and code provision A.6.7 in respect of the directors' attendance in the annual general meeting of the Company.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 9 to 19 of this annual report.

Emolument Policy

The employees of the Group are selected, remunerated and promoted on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market standards.

The Company has adopted a share option scheme as an incentive to eligible persons which include directors, employees and consultants, details of the scheme is set out under the section headed "Share Options" of this report.

Audit Committee

The Company's audit committee is 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; and (ii) review and supervise the financial reporting process and internal control procedures of the Group.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, discussed internal controls and financial reporting matters and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2012 with the directors.

Auditor

The financial statements have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Wang, John Peter Ben

Chairman and Executive Director

Hong Kong, 25 March 2013



Independent Auditor's Report

TO THE SHAREHOLDERS OF SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Summit Ascent Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 32 to 75, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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



Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

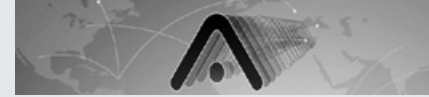
Certified Public Accountants

Hong Kong, 25 March 2013

Consolidated Statement of Comprehensive Income

| | | For the year ended 31 December | |
|--|------|-----------------------------------|------------------|
| | Note | 2012 HK\$'000 | 2011 HK\$'000 |
| CONTINUING OPERATIONS | | | |
| Turnover | 5 | 9,845 | 72,333 |
| Cost of sales | 6 | (6,877) | (56,413) |
| Gross profit | | 2,968 | 15,920 |
| Other revenues | | – | 171 |
| Operating expenses | 7 | (8,976) | (12,772) |
| Operating (loss)/profit | | (6,008) | 3,319 |
| Finance cost | | – | – |
| (Loss)/profit before income tax | | (6,008) | 3,319 |
| Income tax expense | 11 | – | (1,012) |
| (Loss)/profit for the year from continuing operations | | (6,008) | 2,307 |
| DISCONTINUED OPERATIONS | | | |
| Loss for the year from discontinued operations | 13 | – | (332) |
| (LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, ATTRIBUTABLE TO SHAREHOLDERS | | | |
| | | (6,008) | 1,975 |
| Basic and diluted (loss)/earnings per share (<i>HK cents</i>) | 14 | | |
| – continuing operations | | (2.53) | 0.97 |
| – discontinued operations | | – | (0.14) |
| | | (2.53) | 0.83 |

The notes on pages 38 to 75 are an integral part of these consolidated financial statements.



Consolidated Balance Sheet

| | Note | As at 31 December | |
|-----------------------------|------|-------------------|------------------|
| | | 2012 HK\$'000 | 2011 HK\$'000 |
| CURRENT ASSETS | | | |
| Inventories | 17 | 5 | 216 |
| Trade and other receivables | 18 | 11,043 | 14,628 |
| Tax recoverable | | 709 | – |
| Cash and cash equivalents | 19 | 25,603 | 28,877 |
| Total current assets | | 37,360 | 43,721 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 20 | 7,781 | 9,010 |
| Provisions | 21 | 251 | 219 |
| Tax payables | | – | 1,012 |
| Total current liabilities | | 8,032 | 10,241 |
| NET CURRENT ASSETS | | 29,328 | 33,480 |
| NET ASSETS | | 29,328 | 33,480 |
| CAPITAL AND RESERVES | | | |
| Share capital | 22 | 23,794 | 23,794 |
| Reserves | | 5,534 | 9,686 |
| SHAREHOLDERS' FUNDS | | 29,328 | 33,480 |

Approved by the board of directors on 25 March 2013.

Wang, John Peter Ben
Director

Tyen Kan Hee, Anthony
Director

The notes on pages 38 to 75 are an integral part of these consolidated financial statements.

Balance Sheet

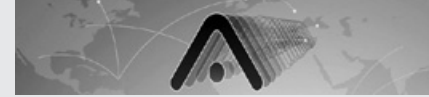
| | Note | As at 31 December | |
|------------------------------|------|-------------------|------------------|
| | | 2012 HK\$'000 | 2011 HK\$'000 |
| NON-CURRENT ASSETS | | | |
| Investments in subsidiaries | 16 | 5,000 | 5,000 |
| CURRENT ASSETS | | | |
| Trade and other receivables | 18 | 226 | 211 |
| Amount due from a subsidiary | 16 | 3,065 | 3,065 |
| Cash and cash equivalents | 19 | 24,958 | 26,842 |
| Total current assets | | 28,249 | 30,118 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 20 | 1,705 | 1,502 |
| Amount due to a subsidiary | 16 | 5,000 | 5,000 |
| | | 6,705 | 6,502 |
| NET CURRENT ASSETS | | 21,544 | 23,616 |
| NET ASSETS | | 26,544 | 28,616 |
| CAPITAL AND RESERVES | | | |
| Share capital | 22 | 23,794 | 23,794 |
| Reserves | 23 | 2,750 | 4,822 |
| SHAREHOLDERS' FUNDS | | 26,544 | 28,616 |

Approved by the board of directors on 25 March 2013.

Wang, John Peter Ben
Director

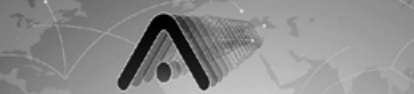
Tyen Kan Hee, Anthony
Director

The notes on pages 38 to 75 are an integral part of these consolidated financial statements.



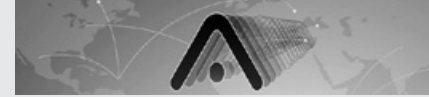
Consolidated Cash Flow Statement

| | For the year ended | |
|---|--------------------|----------|
| | 31 December | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| CASH GENERATED FROM CONTINUING OPERATIONS | | |
| (Loss)/profit before income tax excluding discontinued operations | (6,008) | 3,319 |
| Share-based compensation benefits | 1,856 | 1,308 |
| (Write back of provision)/provision for stock obsolescence | (108) | 209 |
| Provision/(write back of provision) for long service payments | 2 | (11) |
| Provision for employee leave entitlements | 36 | 20 |
| CHANGES IN WORKING CAPITAL | (4,222) | 4,845 |
| Decrease in inventories | 319 | 4,933 |
| Decrease in trade and other receivables | 3,585 | 721 |
| Decrease in trade and other payables | (1,229) | (3,211) |
| Decrease in provisions | (6) | (45) |
| CASH (USED IN)/GENERATED FROM OPERATIONS | (1,553) | 7,243 |
| Tax paid | (1,721) | – |
| NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES (CONTINUING OPERATIONS) | (3,274) | 7,243 |
| NET CASH USED IN OPERATING ACTIVITIES (DISCONTINUED OPERATIONS) | – | (2,415) |
| | (3,274) | 4,828 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Settlement from former subsidiaries | – | 72,990 |
| Proceeds from disposal of subsidiaries | – | 129,687 |
| NET CASH GENERATED FROM INVESTING ACTIVITIES (CONTINUING OPERATIONS) | – | 202,677 |
| NET CASH USED IN INVESTING ACTIVITIES (DISCONTINUED OPERATIONS) | – | (59,012) |
| | – | 143,665 |



Consolidated Cash Flow Statement

| | For the year ended | |
|--|--------------------|-----------------|
| | 31 December | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of ordinary shares | – | 2,300 |
| Dividend paid | – | (196,990) |
| NET CASH USED IN FINANCING ACTIVITIES (CONTINUING OPERATIONS) | – | (194,690) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (3,274) | (46,197) |
| Cash and cash equivalents at the beginning of the year | 28,877 | 75,074 |
| Cash and cash equivalents at the end of the year | 25,603 | 28,877 |

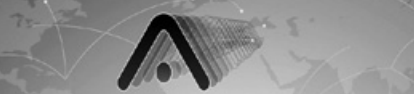


Consolidated Statement of Changes in Equity

| | Share capital HK\$'000 | Share premium HK\$'000 | Retained earnings HK\$'000 | Contributed surplus HK\$'000 | Available- for-sale investment reserve HK\$'000 | Share-based compensation reserve HK\$'000 | Total HK\$'000 |
|---|------------------------------|------------------------------|----------------------------------|------------------------------------|---|--|-------------------|
| At 1 January 2011 | 23,640 | 98,427 | 99,978 | 808 | 946 | 1,088 | 224,887 |
| Comprehensive income | | | | | | | |
| Profit attributable to shareholders | - | - | 1,975 | - | - | - | 1,975 |
| Total comprehensive income | - | - | 1,975 | - | - | - | 1,975 |
| Share option scheme: | | | | | | | |
| Issuance of ordinary shares | 154 | 2,146 | - | - | - | - | 2,300 |
| Transfer among reserves (note 23) | - | (98,427) | 99,515 | - | - | (1,088) | - |
| Release of reserves upon disposal of subsidiaries | - | - | 1,754 | (808) | (946) | - | - |
| Special dividend paid in February 2011 | - | - | (196,990) | - | - | - | (196,990) |
| Share-based compensation benefits | - | - | - | - | - | 1,308 | 1,308 |
| Total transactions with owners | 154 | (96,281) | (95,721) | (808) | (946) | 220 | (193,382) |
| At 31 December 2011 | 23,794 | 2,146 | 6,232 | - | - | 1,308 | 33,480 |
| Representing: | | | | | | | |
| Retained earnings attributable to shareholders as at 31 December 2011 | | | 6,232 | | | | |
| At 1 January 2012 | 23,794 | 2,146 | 6,232 | - | - | 1,308 | 33,480 |
| Comprehensive expense | | | | | | | |
| Loss attributable to shareholders | - | - | (6,008) | - | - | - | (6,008) |
| Total comprehensive expense | - | - | (6,008) | - | - | - | (6,008) |
| Share-based compensation benefits | - | - | - | - | - | 1,856 | 1,856 |
| Total transactions with owners | - | - | - | - | - | 1,856 | 1,856 |
| At 31 December 2012 | 23,794 | 2,146 | 224 | - | - | 3,164 | 29,328 |
| Representing: | | | | | | | |
| Retained earnings attributable to shareholders as at 31 December 2012 | | | 224 | | | | |

The Board did not recommend the payment of any final dividend for the year ended 31 December 2012 (2011: Nil).

On 22 February 2011, the Board resolved that a special dividend of HK\$0.8279 per share be distributed to the shareholders whose names appeared on the registrar of members of the Company on 16 February 2011. The special dividend was paid on 25 February 2011.



Notes to the Consolidated Financial Statements

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.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 25 March 2013.

2 Summary of Significant Accounting Policies

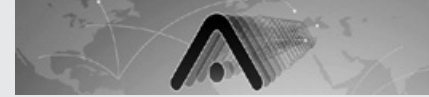
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The applicable HKFRSs include all applicable Hong Kong Accounting Standards (“HKASs”) and Hong Kong International Financial Reporting Interpretations (“HK(IFRIC)s”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

(a) *New and amended standards adopted by the Group*

The adoption of these amendments has no material impact on the Group's results and financial position for the current or prior period.

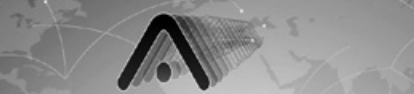
| | | Effective date |
|----------------------|--|----------------|
| HKAS 12 (amendments) | Deferred Tax: Recovery of Underlying Assets | 1 January 2012 |
| HKFRS 1 (amendment) | Severe hyperinflation and removal of fixed dates for first-time adopters | 1 July 2011 |
| HKFRS 7 (amendment) | Disclosures – transfers of financial assets | 1 July 2011 |

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following new standards, revised/amendments to standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2013 or later periods:

| | | Effective date |
|----------------------|--|----------------|
| HKFRS 7 (amendment) | Disclosures – offsetting of financial assets and financial liabilities | 1 January 2013 |
| HKFRS 9 | Financial instruments | 1 January 2015 |
| Additions to HKFRS 9 | Financial instruments – financial liabilities | 1 January 2015 |
| HKFRS 10 | Consolidated financial statements | 1 January 2013 |
| HKFRS 11 | Joint arrangements | 1 January 2013 |
| HKFRS 12 | Disclosure of interests in other entities | 1 January 2013 |
| HKFRS 13 | Fair value measurements | 1 January 2013 |
| HKAS 1 (amendment) | Presentation of financial statements | 1 July 2012 |
| HKAS 19 (2011) | Employee benefits | 1 January 2013 |
| HKAS 27 (2011) | Separate financial statements | 1 January 2013 |
| HKAS 28 (2011) | Investments in associates and joint ventures | 1 January 2013 |
| HKAS 32 (amendment) | Offsetting financial assets and financial liabilities | 1 January 2014 |
| HK(IFRIC)-Int 20 | Stripping costs in the production phase of a surface mine | 1 January 2015 |

The directors anticipate that the adoption of these new and revised standards, amendments to standards and interpretation will not result in a significant impact on the results and financial position of the Group.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

2.3 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

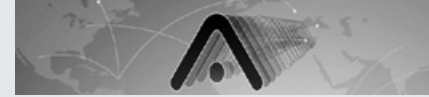
Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (note 2.6). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Company's and Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all resulting exchange differences are recognised in other comprehensive income.

(d) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.6 Impairment of investments in subsidiaries and non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.7 Financial assets

2.7.1 Classification

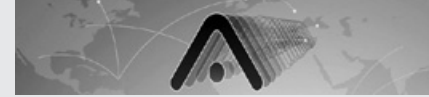
The Group classifies its financial assets as loans and receivables. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are comprised of "trade and other receivables" and "cash and cash equivalents" in the balance sheet (notes 2.9 and 2.10).

2.7.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.7 Financial assets (cont'd)

2.7.3 Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.9 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities on the balance sheet, if any.

2.11 Share capital

Ordinary shares are classified as equity. Increment cost directly attributable to the issue of new shares or options are shown in equity as a reduction, net of tax, from the proceeds.

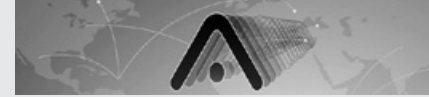
2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.13 Current and deferred income tax (cont'd)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, it establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.15 Employee benefits

(a) Long service payments

Provision for long service payments is recognised for the best estimate of the long service payments that are required to be made to the employees of the Group in respect of their services to date less any amounts that would be expected to be met out of the Group's retirement schemes.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made by the Group for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

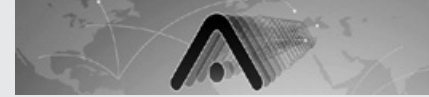
Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Pension obligations

The Group operates defined contribution pension schemes regulated under the Occupational Retirement Schemes Ordinance ("ORSO") and AIA-JF Premium Mandatory Provident Fund Scheme ("MPF") (collectively known as "Retirement Schemes"). The Group pays contributions to trustee-administered funds. Contributions to the Retirement Schemes by the Group and employees are calculated as a percentage of the employees' basic salaries. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.15 Employee benefits (cont'd)

(e) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

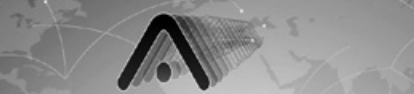
2.16 Share-based payments

The Group operates an equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.



Notes to the Consolidated Financial Statements

2 Summary of Significant Accounting Policies (cont'd)

2.16 Share-based payments (cont'd)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

The grant by the Company of options over its equity instruments to the employees and consultants of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee and consultants services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity account.

2.17 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

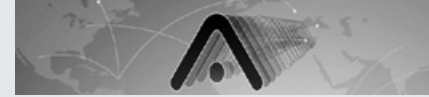
2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the sale of goods is recognised when the goods are delivered at customers' premises which is taken to be the point in time when customers have accepted the goods and the related risks and rewards of ownership.

Interest income is recognised on a time-proportion basis using the effective interest method.



Notes to the Consolidated Financial Statements

3 Financial Risk Management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

Under the Group's risk management program, each department identifies and documents its key tasks and the risk associated with its tasks. The risks are summarised in a risk assessment program where they are graded by likelihood and consequences and where the procedures and controls for management risks are recorded.

(a) *Market risk*

(i) *Foreign exchange risk*

The Group has no significant exposure to foreign exchange risk arising from various currency exposures. The commercial transactions and recognised assets and liabilities are mainly from local currency.

(ii) *Interest rate risk*

The Group has no significant interest-bearing assets and liabilities. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

(b) *Credit risk*

The Group has no significant concentration of credit risk. The credit risk of the Group mainly arises from cash and cash equivalents, other receivables and credit exposures to customers.

The Group has policies that limit the amount of credit exposure to any financial institution. All bank deposits are held with reputable financial institutions.

The Group has policies in place to ensure that sales of goods and services are provided to customers with an appropriate credit history. The Group's credit control team assesses on each of the Group's individual customers and determines the respective credit limits based on, among other factors, the trading and settlement history and the financial background of each individual customer.

Management makes periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any trade disputes with the relevant debtors. The Group's historical experience in collection of these balances falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible balances has been made.



Notes to the Consolidated Financial Statements

3 Financial Risk Management (cont'd)

3.1 Financial risk management (cont'd)

(c) Liquidity risk

Management monitors rolling cashflow forecasts of the Group to ensure it has sufficient cash to meet operational needs. All trade payables as at 31 December 2011 and 2012 are expected to be settled within one year. The impact of discounting is not significant on the basis of expected cash flow.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of share capital, retained earnings, share premium and share-based compensation reserve.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated balance sheet, plus net debt.

The Group had no bank borrowings and no gearing as at 31 December 2011 and 2012.

3.3 Fair value estimation

The table below analyzes 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 2011 and 2012, the Group did not have any financial assets or financial liabilities in the balance sheet which is measured at fair value.



Notes to the Consolidated Financial Statements

4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of receivables

The impairment of receivables is assessed based on the evaluation of the collectability and ageing analysis, including the creditworthiness and the collection history of each customer. Judgement is required when assessing the realisability of these receivables.

(b) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) Share-based compensation payment

The determination of the fair value of the share options granted requires estimates in determining, among others, the expected volatility of the share price, the expected dividend yield, the risk-free interest rate for the life of the option, and the number of options that are expected to become exercisable. Where the outcome of the number of options that are exercisable is different, such difference will impact the consolidated statement of comprehensive income in the subsequent remaining vested period of the relevant share options.

Notes to the Consolidated Financial Statements

5 Segment Information

The principal activities of the Group's continuing operation are tiles trading and engineering operations, while discontinued operations included the following activities: (i) trading, (ii) manufacturing and export, and (iii) retail and renovation. The principal activities of the subsidiaries are set out in note 16 to the consolidated financial statements.

| | For the year ended 31 December | | | | | |
|----------------|-----------------------------------|---|-------------------|-----------------------------------|---|-------------------|
| | Continuing operations HK\$'000 | 2012 Discontinued operations HK\$'000 | Total HK\$'000 | Continuing operations HK\$'000 | 2011 Discontinued operations HK\$'000 | Total HK\$'000 |
| Turnover | | | | | | |
| Sales of goods | 9,845 | - | 9,845 | 72,333 | 20,480 | 92,813 |
| Other revenues | | | | | | |
| Sundry income | - | - | - | 171 | 100 | 271 |
| Total revenues | 9,845 | - | 9,845 | 72,504 | 20,580 | 93,084 |

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

Segment assets comprise trade receivables and inventories.

The segment information for the year ended 31 December 2012 is as follows:

| | Continuing operations | Discontinued operations | | | | | | Total |
|------------------------------------|-----------------------|---|------------------------------------|--------------------------------------|-----------------------------------|-----------------------|-----------------------|--------|
| | | Trading Hong Kong and Macau HK\$'000 | Trading Mainland China HK\$'000 | Manufacturing and export HK\$'000 | Retail and renovation HK\$'000 | Corporate HK\$'000 | Sub-total HK\$'000 | |
| Total turnover | 9,845 | - | - | - | - | - | - | 9,845 |
| Inter-segment turnover | - | - | - | - | - | - | - | - |
| Turnover (from external customers) | 9,845 | - | - | - | - | - | - | 9,845 |
| Gross profit | 2,968 | - | - | - | - | - | - | 2,968 |
| Segment assets | 11,444 | - | - | - | - | - | - | 11,444 |

Notes to the Consolidated Financial Statements

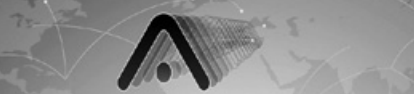
5 Segment Information (cont'd)

The segment information for the year ended 31 December 2011 is as follows:

| | Continuing operations | Discontinued operations | | | | | Sub-total | Total |
|------------------------------------|-----------------------|--------------------------------------|---------------------------------|-----------------------------------|--------------------------------|--------------------|-----------|--------|
| | | Trading Hong Kong and Macau HK\$'000 | Trading Mainland China HK\$'000 | Manufacturing and export HK\$'000 | Retail and renovation HK\$'000 | Corporate HK\$'000 | | |
| Total turnover | 72,333 | 7,291 | 302 | 5,448 | 7,686 | – | 20,727 | 93,060 |
| Inter-segment turnover | – | – | – | (247) | – | – | (247) | (247) |
| Turnover (from external customers) | 72,333 | 7,291 | 302 | 5,201 | 7,686 | – | 20,480 | 92,813 |
| Gross profit | 15,920 | 990 | 60 | 1,611 | 2,781 | – | 5,442 | 21,362 |
| Segment assets | 14,538 | – | – | – | – | – | – | 14,538 |

A reconciliation of gross profit to total (loss)/profit before income tax is provided as follows:

| | For the year ended 31 December | | | | | |
|--|--------------------------------|-------------------------|----------|-----------------------|-------------------------|----------|
| | 2012 | | | 2011 | | |
| | Continuing operations | Discontinued operations | Total | Continuing operations | Discontinued operations | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Gross profit | 2,968 | – | 2,968 | 15,920 | 5,442 | 21,362 |
| Other revenues | – | – | – | 171 | 100 | 271 |
| Provision for impairment of receivables | – | – | – | – | (109) | (109) |
| Write back of provision/(provision) for stock obsolescence | 108 | – | 108 | (209) | (37) | (246) |
| Other expenses | (9,084) | – | (9,084) | (12,563) | (5,433) | (17,996) |
| Operating (loss)/profit | (6,008) | – | (6,008) | 3,319 | (37) | 3,282 |
| Finance income | – | – | – | – | 34 | 34 |
| (Loss)/profit before income tax | (6,008) | – | (6,008) | 3,319 | (3) | 3,316 |
| Loss on disposal of discontinued operations | – | – | – | – | (329) | (329) |
| | (6,008) | – | (6,008) | 3,319 | (332) | 2,987 |



Notes to the Consolidated Financial Statements

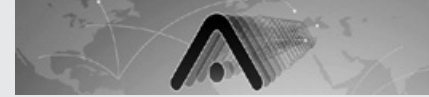
5 Segment Information (cont'd)

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

| | As at 31 December | |
|---------------------------|-------------------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Total segment assets | 11,444 | 14,538 |
| Unallocated: | | |
| Cash and cash equivalents | 25,603 | 28,877 |
| Others | 313 | 306 |
| Total assets | 37,360 | 43,721 |

6 Cost of Sales

| | For the year ended 31 December | |
|------------------------------|--------------------------------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| <u>Continuing operations</u> | | |
| Cost of inventories sold | 6,877 | 56,413 |



Notes to the Consolidated Financial Statements

7 Operating Expenses

| | For the year ended 31 December | |
|---|--------------------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| <u>Continuing operations</u> | | |
| Administrative expenses: | | |
| Employee benefit expenses (note 8) | 5,609 | 8,812 |
| Operating lease rentals on properties paid to third parties | 525 | 478 |
| Share-based compensation benefits to consultants (note 22) | 1,053 | 478 |
| Travelling expenses | 70 | 194 |
| Entertainment expenses | 109 | 39 |
| Stamps, postage and telephone | 34 | 45 |
| Auditor's remuneration | 609 | 590 |
| Legal and professional fees | 331 | 473 |
| Advertising and promotion expenses | 146 | 148 |
| | 8,486 | 11,257 |
| Other operating expenses: | | |
| (Write back of provision)/provision for stock obsolescence | (108) | 209 |
| Provision/(write back of provision) for long service payments | 2 | (11) |
| Provision for employee leave entitlements | 36 | 20 |
| Sundry expenses | 560 | 1,297 |
| | 490 | 1,515 |
| | 8,976 | 12,772 |

Notes to the Consolidated Financial Statements

8 Employee Benefit Expenses

| | For the year ended 31 December | |
|---|--------------------------------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| <u>Continuing operations</u> | | |
| Wages and salaries | 4,517 | 7,716 |
| Retirement Schemes contributions (note 10) | 289 | 266 |
| Share-based compensation benefits (note 22) | 803 | 830 |
| | 5,609 | 8,812 |

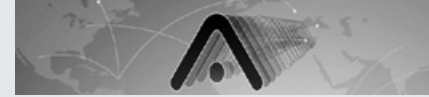
9 Directors' and Senior Management's Emoluments

(a) Directors' remuneration

The aggregate amounts of emoluments paid or payable to directors (including emoluments charged to the continuing and discontinued operations) pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

| | For the year ended 31 December | |
|-----------------------------------|--------------------------------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Fees | 626 | 622 |
| Salaries | – | 497 |
| Retirement Schemes contributions | – | 45 |
| Share-based compensation benefits | 288 | 596 |
| | 914 | 1,760 |

Included in the directors' remuneration were fees of HK\$446,000 (2011: HK\$484,000) paid to non-executive directors and independent non-executive directors during the year.



Notes to the Consolidated Financial Statements

9 Directors' and Senior Management's Emoluments (cont'd)

(a) Directors' remuneration (cont'd)

The remuneration of every director and the chief executive for the year ended 31 December 2012 is set out below:

| Name of Director | Fee HK\$'000 | Salary HK\$'000 | Retirement Schemes contributions HK\$'000 | Share-based compensation benefits HK\$'000 | Total HK\$'000 |
|--------------------------|-----------------|--------------------|--|---|-------------------|
| Wang, John Peter Ben (i) | 180 | – | – | 72 | 252 |
| Tsui Yiu Wa, Alec | 163 | – | – | 72 | 235 |
| Pang Hing Chung, Alfred | 120 | – | – | 72 | 192 |
| Tyen Kan Hee, Anthony | 163 | – | – | 72 | 235 |
| | 626 | – | – | 288 | 914 |

(i) Mr. Wang, John Peter Ben is also the Chairman and Executive Director of the Company.

Notes to the Consolidated Financial Statements

9 Directors' and Senior Management's Emoluments (cont'd)

(a) Directors' remuneration (cont'd)

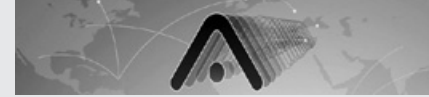
The remuneration of every director and the chief executive for the year ended 31 December 2011 is set out below:

| Name of Director | Fee HK\$'000 | Salary HK\$'000 | Retirement Schemes contributions HK\$'000 | Share-based compensation benefits HK\$'000 | Total HK\$'000 |
|------------------------------------|-----------------|--------------------|--|---|-------------------|
| Wang, John Peter Ben (i) & (iii) | 138 | – | – | 149 | 287 |
| Tsui Yiu Wa, Alec (i) | 111 | – | – | 149 | 260 |
| Pang Hing Chung, Alfred (i) | 92 | – | – | 149 | 241 |
| Tyen Kan Hee, Anthony (i) | 111 | – | – | 149 | 260 |
| Michael John Green (ii) | – | 139 | 14 | – | 153 |
| Daniel George Green (ii) | – | 198 | 15 | – | 213 |
| Lai Ka Tak, Patrick (ii) | – | 160 | 16 | – | 176 |
| Christopher John David Clarke (ii) | 34 | – | – | – | 34 |
| Simon Murray (ii) | 34 | – | – | – | 34 |
| Owen Mark Lewellin Rhys (ii) | 34 | – | – | – | 34 |
| Thaddeus Thomas Beczak (ii) | 34 | – | – | – | 34 |
| Lim Ghee Keong (ii) | 34 | – | – | – | 34 |
| | 622 | 497 | 45 | 596 | 1,760 |

(i) The directors appointed on 25 March 2011.

(ii) The directors resigned on 24 March 2011.

(iii) Mr. Wang, John Peter Ben is also the Chairman and Executive Director of the Company.



Notes to the Consolidated Financial Statements

9 Directors' and Senior Management's Emoluments (cont'd)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, none (2011: one) were directors whose emoluments are disclosed in note (a) above. The highest emoluments payable to the remaining five (2011: four) individuals during the year is as follows:

| | For the year ended 31 December | |
|-----------------------------------|--------------------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| Salaries and other benefits | 2,301 | 1,808 |
| Discretionary bonus | 646 | 1,542 |
| Year-end bonus | 192 | 151 |
| Retirement Schemes contributions | 203 | 104 |
| Share-based compensation benefits | 257 | 116 |
| | 3,599 | 3,721 |

The emoluments of the five (2011: four) individuals with the highest emoluments are within the following band:

| | Number of individuals | |
|-------------------------------|-----------------------|----------|
| | 2012 | 2011 |
| Emoluments' band | | |
| HK\$1,500,001 – HK\$2,000,000 | 1 | 1 |
| HK\$1,000,001 – HK\$1,500,000 | – | – |
| Nil – HK\$1,000,000 | 4 | 3 |
| | 5 | 4 |

The Group usually determines and pays discretionary bonuses to employees (including directors) around January/February each year based on the actual financial results of the Group for the preceding year. The discretionary bonuses shown above therefore represent actual payments to the employees (including directors) during the current financial year in relation to performance for the preceding year.

Notes to the Consolidated Financial Statements

10 Retirement Schemes

The Group's contributions to the ORSO Scheme were reduced by contributions forfeited on those employees who left the ORSO Scheme prior to vesting fully in the contributions. Forfeited contributions totalling HK\$14,000 (2011: HK\$50,000) were fully utilised during the year.

Contributions of HK\$80,000 (2011: HK\$72,000) were payable to the Retirement Schemes at the year-end.

11 Income Tax Expense

No Hong Kong profits tax has been provided as the Group has no assessable profit arising in or derive from Hong Kong activities during the year (2011: provided at the rate of 16.5%). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. Income tax expense charged to the consolidated statement of comprehensive income represents:

| | For the year ended 31 December | |
|-------------------------|--------------------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| Current income tax | | |
| – Hong Kong profits tax | – | 1,012 |

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

| | For the year ended 31 December | |
|--|--------------------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| (Loss)/profit before income tax from continuing operations | (6,008) | 3,319 |
| Calculated at a taxation rate of 16.5% (2011: 16.5%) | (991) | 548 |
| Effect of different taxation rates in other countries | – | 564 |
| Income not subject to tax | – | (100) |
| Tax loss which no deferred income tax asset was recognised | 991 | – |
| Income tax expense | – | 1,012 |



Notes to the Consolidated Financial Statements

12 Profit Attributable to Shareholders of the Company

The loss for the year of the Company attributable to shareholders was HK\$3,928,000 (2011: profit of HK\$20,451,000) (note 23).

13 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 had interests to Green Motherlode Limited, a company controlled by the Green family. As a result of this transaction, the Company and its remaining subsidiaries were 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 loss from discontinued operations was analysed as follows:

| | For the year ended 31 December 2011 HK\$’000 |
|---|--|
| Loss from discontinued operations | (3) |
| Loss on disposal of discontinued operations | (329) |
| | <u>(332)</u> |

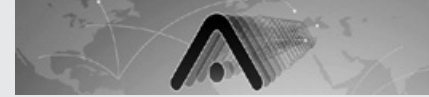
Notes to the Consolidated Financial Statements

13 Disposal of Subsidiaries and Discontinued Operations (cont'd)

a) The loss from discontinued operations was analysed as follows: (cont'd)

The results of discontinued operations were set out below:

| | For the year ended 31 December 2011 HK\$'000 |
|--|--|
| Turnover | 20,480 |
| Cost of sales | <u>(15,038)</u> |
| Gross profit | 5,442 |
| Other revenues | 100 |
| Operating expenses | <u>(5,579)</u> |
| Operating loss | (37) |
| Finance income | <u>34</u> |
| Loss before income tax | (3) |
| Income tax expense | <u>–</u> |
| Loss for the year from discontinued operations | <u>(3)</u> |
| Cash flows from discontinued operations: | |
| Net cash flows used in operating activities | (2,415) |
| Net cash flows used in investing activities | <u>(59,012)</u> |
| Net cash flows | <u>(61,427)</u> |

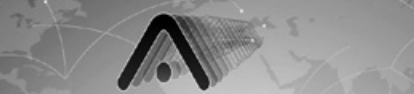


Notes to the Consolidated Financial Statements

13 Disposal of Subsidiaries and Discontinued Operations (cont'd)

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

| | HK\$'000 |
|--|---|
| <hr/> | |
| Consideration: | |
| Cash received | 149,000 |
| | <hr/> |
| Analysis of assets and liabilities over which control was lost: | |
| | |
| NON-CURRENT ASSETS | |
| Property, plant and equipment | 89,970 |
| Lease prepayments | 3,977 |
| Available-for-sale financial assets | 3,109 |
| Deferred income tax assets | 696 |
| | <hr/> |
| | 97,752 |
| | |
| CURRENT ASSETS | |
| 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;"/> |
| | |
| CURRENT LIABILITIES | |
| 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: 3px double black;"/> |
| | |
| NET CURRENT ASSETS | 46,243 |
| | <hr style="border-top: 3px double black;"/> |



Notes to the Consolidated Financial Statements

13 Disposal of Subsidiaries and Discontinued Operations (cont'd)

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

| | HK\$'000 |
|---|----------------|
| TOTAL ASSETS LESS CURRENT LIABILITIES | 143,995 |
| NON-CURRENT LIABILITIES | |
| Deferred income tax liabilities | 666 |
| NET ASSETS DISPOSED OF | <u>143,329</u> |
| Loss on disposal of discontinued operations: | |
| Cash consideration | 149,000 |
| Net assets disposed of | (143,329) |
| Professional fees incurred | (6,000) |
| | <u>(329)</u> |
| Loss on disposal | <u>(329)</u> |
| Net cash inflow arising on disposal: | |
| Cash consideration | 149,000 |
| Less: bank balances and cash disposed of | (13,313) |
| Less: professional fees paid | (6,000) |
| | <u>129,687</u> |

Notes to the Consolidated Financial Statements

14 (Loss)/Earnings Per Share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

| | For the year ended 31 December | |
|---|--------------------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| (Loss)/profit from continuing operations attributable to shareholders | (6,008) | 2,307 |
| Loss from discontinued operations attributable to shareholders | – | (332) |
| | (6,008) | 1,975 |
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares in issue | 237,939,584 | 237,804,256 |

(b) Diluted (loss)/earnings per share

There is no dilution effect on potential ordinary shares for the years ended 31 December 2011 and 2012.

15 Proposed Dividend

The Board did not recommend the payment of any final dividend for the year ended 31 December 2012 (2011: Nil).

16 Investments in Subsidiaries and Amount Due from/(to) a Subsidiary

| | The Company | |
|------------------------------|------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| Investments, at cost | 5,000 | 5,000 |
| Amount due from a subsidiary | 3,065 | 3,065 |
| Amount due to a subsidiary | (5,000) | (5,000) |
| | 3,065 | 3,065 |

The amount due from and to a subsidiary is unsecured, interest free, and repayable on demand. The carrying amount approximates its fair value and is denominated in Hong Kong dollar.

Notes to the Consolidated Financial Statements

16 Investments in Subsidiaries and Amount Due from/(to) a Subsidiary (cont'd)

The following is a list of subsidiaries as at 31 December 2011 and 2012:

| Name of company | Place of incorporation/ operations | Group equity interest held by | | | | Issued and paid up ordinary share capital | Principal activities |
|-----------------------------|---------------------------------------|-------------------------------|-----------|--------------|-----------|---|----------------------|
| | | The Company | | Subsidiaries | | | |
| | | 2012 % | 2011 % | 2012 % | 2011 % | | |
| Easy Market Trading Limited | British Virgin Islands | 100 | 100 | – | – | US\$642,723, US\$1 paid up | Investment holding |
| Arnhold Trading Limited | Hong Kong | – | – | 100 | 100 | HK\$1 | Trading |

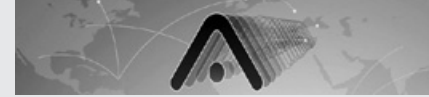
17 Inventories

| | The Group | |
|-------------|------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| Merchandise | 5 | 216 |

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$6,877,000 (2011: HK\$56,413,000 for continuing operations and HK\$15,038,000 for discontinued operations).

18 Trade and Other Receivables

| | The Group | | The Company | |
|---|------------------|------------------|------------------|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 | 2012 HK\$'000 | 2011 HK\$'000 |
| Trade receivables | 772 | 2,145 | – | – |
| Retention receivables | 55 | 93 | – | – |
| Gross trade and retention receivables | 827 | 2,238 | – | – |
| Less: provision for impairment of receivables | – | – | – | – |
| Net trade and retention receivables | 827 | 2,238 | – | – |
| Receivables from a related company | 9,902 | 12,084 | – | – |
| Prepayments and other receivables | 314 | 306 | 226 | 211 |
| | 11,043 | 14,628 | 226 | 211 |



Notes to the Consolidated Financial Statements

18 Trade and Other Receivables (cont'd)

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 (see note 13). Refer to note 26 for details.

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

The ageing analysis of trade, retention and other receivables is as follows:

| | The Group | |
|--|-----------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Current | 10,507 | 13,385 |
| One to three months overdue | 481 | 855 |
| Three to twelve months overdue | – | 388 |
| Overdue more than twelve months | 55 | – |
| Total trade, retention and other receivables | 11,043 | 14,628 |

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 31 December 2011 and 2012, no trade and retention receivables were impaired and provided for.

Notes to the Consolidated Financial Statements

18 Trade and Other Receivables (cont'd)

The carrying amounts of the Group's trade, retention and other receivables are denominated in the following currencies:

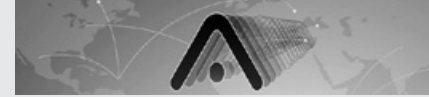
| | The Group | |
|-----|------------------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| HKD | 10,519 | 14,628 |
| EUR | 524 | – |
| | 11,043 | 14,628 |

19 Cash and Cash Equivalents

| | The Group | | The Company | |
|--------------------------|------------------|----------|--------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Cash at bank and in hand | 25,603 | 28,877 | 24,958 | 26,842 |

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

| | The Group | |
|-----|------------------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| HKD | 25,480 | 27,508 |
| EUR | 13 | 1,069 |
| USD | 110 | 300 |
| | 25,603 | 28,877 |



Notes to the Consolidated Financial Statements

20 Trade and Other Payables

| | The Group | | The Company | |
|----------------------------------|--------------|----------|--------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Trade payables | 1,299 | 1,158 | – | – |
| Accruals and other payables | 5,607 | 6,860 | 1,705 | 1,502 |
| Advances received from customers | 875 | 992 | – | – |
| | 7,781 | 9,010 | 1,705 | 1,502 |

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 ageing analysis of trade and other payables is as follows:

| | The Group | |
|----------------------------------|--------------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Current | 487 | 292 |
| One to three months overdue | 263 | 502 |
| Overdue more than three months | 549 | 364 |
| Total trade payables | 1,299 | 1,158 |
| Accruals and other payables | 5,607 | 6,860 |
| Advances received from customers | 875 | 992 |
| | 7,781 | 9,010 |

Notes to the Consolidated Financial Statements

20 Trade and Other Payables (cont'd)

The carrying amounts of the Group's trade payables are denominated in the following currencies:

| | The Group 2012 HK\$'000 | 2011 HK\$'000 |
|------------------|--|------------------|
| HKD | 483 | 684 |
| EUR | 548 | 112 |
| USD | 199 | 19 |
| Other currencies | 69 | 343 |
| | 1,299 | 1,158 |

21 Provisions

| | Long service payments HK\$'000 | The Group Employee leave entitlements HK\$'000 | Total HK\$'000 |
|---|--|--|--------------------------|
| At 1 January 2011 | 58 | 197 | 255 |
| (Write back)/additional provisions | (11) | 176 | 165 |
| Less: Amounts utilised | – | (156) | (156) |
| Charged to consolidated statement of comprehensive income | (11) | 20 | 9 |
| Less: Amounts settled | – | (45) | (45) |
| Net effect on provisions | (11) | (25) | (36) |
| At 31 December 2011 and 1 January 2012 | 47 | 172 | 219 |
| Additional provisions | 2 | 200 | 202 |
| Less: Amounts utilised | – | (164) | (164) |
| Charged to consolidated statement of comprehensive income | 2 | 36 | 38 |
| Less: Amounts settled | – | (6) | (6) |
| Net effect on provisions | 2 | 30 | 32 |
| At 31 December 2012 | 49 | 202 | 251 |

Notes to the Consolidated Financial Statements

22 Share Capital

| Ordinary shares of HK\$0.10 each | Authorised (Number of shares) | Issued and fully paid | Ordinary shares HK\$'000 | Share premium HK\$'000 | Total HK\$'000 |
|---|----------------------------------|--------------------------|--------------------------------|------------------------------|-------------------|
| At 1 January 2011 | 800,000,000 | 236,396,000 | 23,640 | 98,427 | 122,067 |
| Transfer to retained earnings for dividend distribution | – | – | – | (98,427) | (98,427) |
| Share option scheme | | | | | |
| – proceeds from shares issued | – | 1,543,584 | 154 | 2,146 | 2,300 |
| At 31 December 2011, 1 January 2012 and 31 December 2012 | 800,000,000 | 237,939,584 | 23,794 | 2,146 | 25,940 |

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 (the “2002 Share Option Scheme”). Under the 2011 Share Option Scheme, the directors of the Company may, at their discretion, grant to directors, employees and consultants share options to subscribe for the Company’s shares, subject to the terms and conditions stipulated therein.

Details of options granted to directors, employees and consultants under the 2011 Share Option Scheme were as follows:

| Date of options granted | Outstanding options as at 1 January 2012 | Exercised during the year | Cancelled during the year | Outstanding options as at 31 December 2012 | Subscription price per share HK\$ |
|-------------------------|---|---------------------------------|---------------------------------|---|--|
| 26 August 2011 | 4,050,000 | – | – | 4,050,000 | 1.770 |

The Options granted on 26 August 2011 comprised 4,050,000 share options, among which 1,000,000 share options can be exercised in two instalments, 50% at any time between 26 August 2011 and 25 August 2021 and the remaining 50% at any time between 26 August 2012 and 25 August 2021. The remaining 3,050,000 share options can also be exercised in two instalments, 50% at any time between 26 August 2012 and 25 August 2021 and the remaining 50% at any time between 26 August 2013 and 25 August 2021.

Notes to the Consolidated Financial Statements

23 Reserves

| The Company | Share premium HK\$'000 | Retained earnings/ (accumulated loss) HK\$'000 | Contributed surplus HK\$'000 | Share-based compensation reserve HK\$'000 | Total HK\$'000 |
|--|------------------------------|--|------------------------------------|--|-------------------|
| At 1 January 2011 | 98,427 | 3,325 | 75,067 | 1,088 | 177,907 |
| Profit for the year | – | 20,451 | – | – | 20,451 |
| Special dividend paid in February 2011 | – | (121,923) | (75,067) | – | (196,990) |
| Share option scheme: | | | | | |
| Issuance of ordinary shares | 2,146 | – | – | – | 2,146 |
| Transfer among reserves | (98,427) | 99,515 | – | (1,088) | – |
| Share-based compensation benefits | – | – | – | 1,308 | 1,308 |
| At 31 December 2011 | 2,146 | 1,368 | – | 1,308 | 4,822 |
| Representing: | | | | | |
| Retained earnings attributable to shareholders at 31 December 2011 | | <u>1,368</u> | | | |
| At 1 January 2012 | 2,146 | 1,368 | – | 1,308 | 4,822 |
| Loss for the year | – | (3,928) | – | – | (3,928) |
| Share-based compensation benefits | – | – | – | 1,856 | 1,856 |
| At 31 December 2012 | 2,146 | (2,560) | – | 3,164 | 2,750 |
| Representing: | | | | | |
| Accumulated loss attributable to shareholders at 31 December 2012 | | <u>(2,560)</u> | | | |

The contributed surplus of the Company represented the undistributed excess of the net assets of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefore pursuant to the Group's reorganisation in December 1993. Under the Companies Act 1981 of Bermuda, the contributed surplus is distributable.



Notes to the Consolidated Financial Statements

24 Financial Instruments by Category

| | The Group | |
|--|------------------------------|-----------------|
| | Loans and receivables | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Assets as per consolidated balance sheet | | |
| Trade, retention and other receivables (note 18) | 11,043 | 14,628 |
| Cash and cash equivalents (note 19) | 25,603 | 28,877 |
| | 36,646 | 43,505 |

| | The Group | |
|--|------------------------------|-----------------|
| | Financial liabilities | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Liabilities as per consolidated balance sheet | | |
| Trade payables (note 20) | 1,299 | 1,158 |

| | The Company | |
|--|------------------------------|-----------------|
| | Loans and receivables | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Assets as per balance sheet | | |
| Amount due from a subsidiary (note 16) | 3,065 | 3,065 |
| Cash and cash equivalents (note 19) | 24,958 | 26,842 |
| | 28,023 | 29,907 |

Notes to the Consolidated Financial Statements

24 Financial Instruments by Category (cont'd)

| | The Company | |
|---|------------------------------|----------|
| | Financial liabilities | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Liabilities as per balance sheet | | |
| Amount due to a subsidiary (note 16) | 5,000 | 5,000 |

25 Commitments under operating lease

The Group leases offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At 31 December 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

| | The Group | |
|---|------------------|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Land and buildings | | |
| – Not later than one year | 253 | 514 |
| – Later than one year and not later than five years | – | 253 |
| | 253 | 767 |

The Company had no significant operating leases at the end of the reporting period.



Notes to the Consolidated Financial Statements

26 Related Party Transactions

Significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

| | 2012 HK\$'000 | 2011 HK\$'000 |
|---|------------------|------------------|
| (a) Expense: | | |
| Operating lease rentals paid to a related company | 288 | 246 |
| (b) Key management compensation | | |
| Fee | 180 | 138 |
| Salaries and other emoluments | – | 497 |
| Retirement Schemes contributions | – | 45 |
| Share-based compensation benefits | 72 | 149 |
| (c) Year-end balances with a related company | | |
| Receivables from a related company | 9,902 | 12,084 |

The operating lease rentals for the years ended 31 December 2011 and 2012 were paid to a related company jointly controlled by key management personnel of a subsidiary on normal commercial terms and conditions.

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. The receivables from a related party arise mainly from sales receipts collected on behalf of a subsidiary of the Company. The receivables are unsecured in nature, bear no interest and repayable on demand. No provisions are held against receivables from related parties (2011: Nil).

27 Events After the Balance Sheet Date

The Group announced on 28 February 2013 a proposed open offer to existing shareholders to raise not less than HK\$85.7 million. The open offer is expected to be completed in April 2013.

Other Financial Information

Five-year Financial Summary

| | 2008 | 2009 | Continuing and discontinued operations | Continuing and discontinued operations | 2012 |
|--|----------|----------|---|---|----------------|
| | HK\$'000 | HK\$'000 | 2010 HK\$'000 | 2011 HK\$'000 | HK\$'000 |
| Results | | | | | |
| Turnover | 418,221 | 364,089 | 379,746 | 92,813 | 9,845 |
| Operating profit/(loss) | 22,579 | 2,734 | 13,263 | 3,282 | (6,008) |
| Finance income | 1,506 | 320 | 344 | 34 | – |
| Finance costs | (93) | (11) | – | – | – |
| Loss on disposal of subsidiaries | – | – | – | (329) | – |
| Profit/(loss) before income tax | 23,992 | 3,043 | 13,607 | 2,987 | (6,008) |
| Income tax expenses | (2,079) | (1,851) | (2,261) | (1,012) | – |
| Profit/(loss) attributable to shareholders | 21,913 | 1,192 | 11,346 | 1,975 | (6,008) |
| Proposed final/special dividend | 12,391 | 12,424 | 196,990 | – | – |
| Assets and liabilities | | | | | |
| Total assets | 315,607 | 308,933 | 328,525 | 43,721 | 37,360 |
| Total liabilities | (85,960) | (89,655) | (103,638) | (10,241) | (8,032) |
| Shareholders' funds | 229,647 | 219,278 | 224,887 | 33,480 | 29,328 |