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## **SUMMIT ASCENT HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 102)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015**

The board of directors (the “Board”) of Summit Ascent Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six-month period ended 30 June 2015, together with comparative figures for the corresponding period in 2014 as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015*

		<b>(Unaudited)</b>	
		<b>Six-month period ended</b>	
	<i>Notes</i>	<b>30.6.2015</b>	<b>30.6.2014</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
Revenue	3	<b>18,568</b>	3,558
Cost of sales		<b>(18,327)</b>	(2,875)
Gross profit		<b>241</b>	683
Other Income		<b>22,091</b>	4,455
Selling and distribution expenses		<b>(28)</b>	(49)
General and administrative expenses		<b>(35,454)</b>	(50,705)
Share of losses of joint ventures		<b>(30,613)</b>	(5,773)
Loss before taxation		<b>(43,763)</b>	(51,389)
Income tax expense	5	<b>–</b>	–
Loss for the period, attributable to owners of the Company	6	<b>(43,763)</b>	(51,389)
Other comprehensive income			
– share of exchange differences of a joint venture, which may be reclassified subsequently to profit or loss		<b>10,201</b>	1,351
Total comprehensive expense for the period, attributable to owners of the Company		<b>(33,562)</b>	(50,038)
Loss per share			
– Basic and diluted (HK cents)	8	<b>(2.99)</b>	(3.68)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2015*

	<i>Notes</i>	<b>(Unaudited)</b> <b>At 30.6.2015</b> <i>HK\$'000</i>	(Audited) At 31.12.2014 <i>HK\$'000</i>
Non-current assets			
Equipment	9	277	306
Interests in joint ventures	10	<b>891,202</b>	891,981
		<u>891,479</u>	<u>892,287</u>
Current assets			
Inventories		6	22
Trade and other receivables	11	1,829	20,449
Amount due from a joint venture		2,971	437
Bank balances and cash		135,552	113,242
		<u>140,358</u>	<u>134,150</u>
Current liabilities			
Trade and other payables	12	4,896	24,106
Net current assets		<u>135,462</u>	<u>110,044</u>
Net assets		<u><b>1,026,941</b></u>	<u>1,002,331</u>
Capital and reserves			
Share capital	13	37,078	36,578
Reserves		989,863	965,753
Equity attributable to owners of the Company		<u><b>1,026,941</b></u>	<u>1,002,331</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015**

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share-based compensation reserve HK\$'000	Accumulated loss HK\$'000	
At 1 January 2014 (Audited)	33,965	601,743	(1,853)	62,270	(79,316)	616,809
Loss for the period	-	-	-	-	(51,389)	(51,389)
Share of exchange differences of a joint venture	-	-	1,351	-	-	1,351
Total comprehensive expense for the six-month period ended 30 June 2014	-	-	1,351	-	(51,389)	(50,038)
Exercise of share options	13	1,269	-	(417)	-	865
Recognition of equity-settled share-based payments	-	-	-	40,568	-	40,568
Shares issued	2,600	585,000	-	-	-	587,600
Transaction costs attributable to issue of shares	-	(22,824)	-	-	-	(22,824)
At 30 June 2014 (Unaudited)	<u>36,578</u>	<u>1,165,188</u>	<u>(502)</u>	<u>102,421</u>	<u>(130,705)</u>	<u>1,172,980</u>
At 1 January 2015 (Audited)	<u>36,578</u>	<u>1,162,842</u>	<u>(184,986)</u>	<u>146,087</u>	<u>(158,190)</u>	<u>1,002,331</u>
Loss for the period	-	-	-	-	(43,763)	(43,763)
Share of exchange differences of a joint venture	-	-	10,201	-	-	10,201
Total comprehensive expense for the six-month period ended 30 June 2015	-	-	10,201	-	(43,763)	(33,562)
Exercise of share options	500	121,031	-	(86,931)	-	34,600
Recognition of equity-settled share-based payments	-	-	-	23,572	-	23,572
At 30 June 2015 (Unaudited)	<u>37,078</u>	<u>1,283,873</u>	<u>(174,785)</u>	<u>82,728</u>	<u>(201,953)</u>	<u>1,026,941</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015**

	(Unaudited)	
	Six-month period ended	
	30.6.2015	30.6.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(43,763)	(51,389)
Adjustments for:		
Share of losses of joint ventures	30,613	5,773
Share-based payment expense	23,572	40,568
Depreciation	68	19
Imputed interest income from loans to joint ventures	(19,633)	–
Interest income	(339)	(3,378)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(9,482)	(8,407)
Decrease in inventories	16	80
Decrease in trade and other receivables	18,620	518
Decrease in trade and other payables	(19,210)	(3,129)
	<hr/>	<hr/>
Net cash used in operating activities	(10,056)	(10,938)
	<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>		
Interest received	339	3,338
Increase in amount due from a joint venture	(2,534)	–
Purchases of equipment	(39)	(118)
	<hr/>	<hr/>
Net cash (used in) generated from investing activities	(2,234)	3,220
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Proceeds from exercise of share options	34,600	865
Proceeds from issue of shares	–	587,600
Expenses on issue of shares	–	(22,824)
Increase in amount due to a joint venture	–	(1,459)
	<hr/>	<hr/>
Net cash generated from financing activities	34,600	564,182
	<hr/>	<hr/>
Net increase in cash and cash equivalents	22,310	556,464
Cash and cash equivalents at beginning of the period	113,242	359,635
	<hr/>	<hr/>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u>135,552</u>	<u>916,099</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are mandatorily effective for the current interim period:

- Amendments to HKAS 19                      Defined Benefit Plans: Employee Contributions;
- Amendments to HKFRSs                      Annual Improvements to HKFRSs 2010 - 2012 Cycle; and
- Amendments to HKFRSs                      Annual Improvements to HKFRSs 2011 - 2013 Cycle

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

The Group has not early applied any new or revised standards or amendments to standards that have been issued at the date of these condensed consolidated financial statements are authorized for issuance but are not yet effective.

### 3. REVENUE

Revenue represents the amounts received or receivable for goods sold to customers during the period, less returns.

### 4. SEGMENT INFORMATION

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company’s Executive Director, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. No operating segments have been aggregated in arriving at reportable segments of the Group.

Specifically, the Group’s operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

- (a) Trading of tiles and engineering operations products
- (b) Gaming and hotel operations

## Segment revenues and results

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

	(Unaudited)					
	Six-month period ended					
	30.6.2015			30.6.2014		
	Trading of tiles and engineering operations products <i>HK\$'000</i>	Gaming and hotel operations <i>HK\$'000</i>	Total <i>HK\$'000</i>	Trading of tiles and engineering operations products <i>HK\$'000</i>	Gaming and hotel operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue – external sales	18,568	–	18,568	3,558	–	3,558
Segment results	(1,873)	(30,613)	(32,486)	(1,939)	(5,773)	(7,712)
Other income			19,972			4,455
Share-based payment expense			(23,572)			(40,568)
Unallocated general and administrative expenses			(7,677)			(7,564)
Loss before taxation			(43,763)			(51,389)

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

### Segment assets

	(Unaudited) At 30.6.2015 <i>HK\$'000</i>	(Audited) At 31.12.2014 <i>HK\$'000</i>
Trading of tiles and engineering operations products	896	19,720
Gaming and hotel operations	894,173	891,981
Segment assets	895,069	911,701
Unallocated assets		
Bank balances and cash	135,552	113,242
Equipment	277	306
Other receivables	939	1,188
Consolidated assets	1,031,837	1,026,437

*Segment liabilities*

	<b>(Unaudited)</b> <b>At 30.6.2015</b> <i>HK\$'000</i>	(Audited) At 31.12.2014 <i>HK\$'000</i>
Trading of tiles and engineering operations products	<b>1,865</b>	21,045
Gaming and hotel operations	–	–
	<hr/>	<hr/>
Segment liabilities	<b>1,865</b>	21,045
Unallocated liability		
Other payables	<b>3,031</b>	3,061
	<hr/>	<hr/>
Consolidated liabilities	<b>4,896</b>	24,106
	<hr/> <hr/>	<hr/> <hr/>

Segment results represent the loss before taxation incurred by each segment without allocation of bank interest income, imputed interest income from loans to joint ventures, share-based payment expense, unallocated net foreign exchange gain (loss) and unallocated general and administrative expenses. This is the measure reported to the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

**5. INCOME TAX EXPENSE**

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No Hong Kong Profits Tax was provided for since the Hong Kong subsidiaries have incurred losses from operations for both periods.

**6. LOSS FOR THE PERIOD**

	<b>(Unaudited)</b>	
	<b>Six-month period ended</b>	
	<b>30.6.2015</b>	30.6.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	<b>18,327</b>	2,875
Share-based compensation benefits	<b>23,572</b>	40,568
Imputed interest income from loans to joint ventures	<b>(19,633)</b>	–
Bank interest income	<b>(339)</b>	(3,378)
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**7. DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: Nil).

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	(Unaudited)	
	Six-month period ended	
	30.6.2015	30.6.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the purposes of basic and diluted loss per share	<u>(43,763)</u>	<u>(51,389)</u>
	<b>Number of shares</b>	
	<b>(in thousands)</b>	
Weighted average number of ordinary shares for the purposes of basic and diluted losses per share	<u>1,465,103</u>	<u>1,395,187</u>

The weighted average numbers of ordinary shares for the six-month period ended 30 June 2014 for the purpose of basic and diluted loss per share had been adjusted for the subdivision of shares on 16 June 2014 as detailed in note 13.

The computation of diluted losses per share does not assume exercise of share options since their exercise would result in a decrease in loss per share.

## 9. EQUIPMENT

During the six-month period ended 30 June 2015, the Group spent approximately HK\$39,000 on office equipment (six-month period ended 30 June 2014: HK\$118,000).

## 10. INTERESTS IN JOINT VENTURES

Details of the Group's interests in and related loans to joint ventures are as follows:

	(Unaudited)	(Audited)
	At 30.6.2015	At 31.12.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of unlisted investment in joint ventures	418,541	418,541
Share of post-acquisition loss and other comprehensive expenses	(207,087)	(186,675)
Deemed capital contribution	<u>317,214</u>	<u>317,214</u>
	528,668	549,080
Loans to joint ventures ( <i>Note i</i> )	<u>362,534</u>	<u>342,901</u>
	<u>891,202</u>	<u>891,981</u>



On 23 August 2013, a wholly owned subsidiary of the Company, Summit Ascent Russia Limited (“SARL”) has entered into an investment agreement (“Investment Agreement”) with New Crescent Investments Limited (“New Crescent”), Firich Investment Limited (“Firich”), Elegant City Group Limited (“Elegant City”) and Oriental Regent Limited (“Oriental Regent”). Firich, Elegant City and Oriental Regent were independent third parties to the Group at that time. The Investment Agreement provides that SARL will make an investment in a gaming and resort development project in the Russian Federation, by subscribing new shares of Oriental Regent, representing 46% of the enlarged issued share capital of Oriental Regent upon completion pursuant to the terms and conditions of the Investment Agreement. The Investment Agreement has been completed on 31 October 2013 and the consideration paid by the Group was approximately HK\$184,383,000. Pursuant to certain terms and conditions in the shareholders’ agreement, the relevant activities of Oriental Regent require unanimous written approval of all of the members of the board of Oriental Regent or the unanimous consent of the shareholders of Oriental Regent and accordingly, Oriental Regent is classified as a joint venture of the Group.

On 25 November 2013, pursuant to the Investment Agreement, each shareholder was required to invest additional amount in accordance with their respective shareholding in Oriental Regent and the consideration paid by the Group was approximately HK\$76,660,000.

Pursuant to the acquisition agreement signed between SARL, New Crescent, Firich, Elegant City and Oriental Regent on 23 April 2014, SARL acquired further 14% of the equity interest in Oriental Regent from Elegant City for a consideration of HK\$157,498,000. Upon completion, SARL holds 60% equity interest in Oriental Regent and Oriental Regent continued to be accounted for as a joint venture of the Group.

Details of each of the Group’s joint ventures at the end of the reporting period are as follows:

Name of entity	Form of entity	Country of incorporation/ registration	Principal place of operation	Class of shares held	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
					30.6.2015	31.12.2014	30.6.2015	31.12.2014	
Oriental Regent Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	60%	60%	33%	33%	Investment holding
G1 Entertainment LLC. (Note ii)	Incorporated	The Russian Federation	The Russian Federation	Chartered	60%	60%	33%	33%	Development of hotel and gaming business in the Integrated Entertainment Zone in the Russian Federation

*Notes:*

- (i) On 15 July 2014, each of the shareholders of Oriental Regent entered into a loan agreement with Oriental Regent whilst they agreed to provide their pro rata proportion of the additional capital amount of totally HK\$1,071,236,000 required by Oriental Regent to continue to fund the gaming and resort project in the Russian Federation by way of shareholder convertible loan (the “Shareholder Convertible Loan”) as contemplated under the Investment Agreement. The Group as one of the lenders provided its pro rata proportion of the Shareholder Convertible Loan amounted to HK\$362,534,000 (31 December 2014: HK\$342,901,000), after adjusting the fair value adjustment of HK\$317,214,000 (31 December 2014: HK\$317,214,000) and including imputed interest receivable of HK\$37,006,000 (31 December 2014: HK\$17,373,000), from its internal resources. The Shareholder Convertible Loan is non-interest bearing, unsecured and due to mature after 3 years, which shall automatically renew for another term of three years. No repayment shall be made by Oriental Regent unless there are sufficient free cash flows generated from the operations of Oriental Regent and its subsidiary to make the repayment. The Shareholder Convertible Loan can only be converted into new shares of Orient Regent at the option of Oriental Regent at such conversion price(s) and ratio(s) as Oriental Regent shall agree with the shareholders of Oriental Regent at the relevant time. Unless otherwise determined by the board of Oriental Regent, the lender of the Shareholder Convertible Loan or its permitted assignee shall not have any right of redemption or conversion in respect of the Shareholder Convertible Loan (or any part thereof).
- (ii) G1 Entertainment LLC. (“G1 Entertainment”, formerly known as First Gambling Company of the East LLC.) is a wholly-owned subsidiary of Oriental Regent.

**Summarised financial information of joint ventures**

Summarised financial information in respect of the Group’s joint venture, on a consolidation basis, is set out below. The summarised financial information below represents amounts shown in the joint venture’s consolidated financial statements prepared in accordance with HKFRS.

The joint ventures are accounted for using the equity method in these condensed consolidated financial statements.

*Oriental Regent*

	<b>(Unaudited)</b> <b>At 30.6.2015</b> <i>HK\$'000</i>	(Audited) At 31.12.2014 <i>HK\$'000</i>
Current assets		
Bank balances and cash	<b>369,861</b>	847,830
Others	<b>72,365</b>	26,749
	<b>442,226</b>	874,579
Non-current assets		
Construction in progress	<b>450,476</b>	216,841
Long term prepayments, other receivables and other asset	<b>467,446</b>	268,578
Others	<b>11,036</b>	5,727
	<b>928,958</b>	491,146
Current liabilities		
Other payables	<b>7,602</b>	6,564
Others	<b>2,981</b>	437
	<b>10,583</b>	7,001
Non-current liabilities		
Long term payables	<b>11,809</b>	8,634
Loans from shareholders	<b>604,224</b>	571,502
	<b>616,033</b>	580,136
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	<b>369,861</b>	847,830
Current financial liabilities (excluding trade and other payables and provisions)	<b>2,981</b>	437
Non-current financial liabilities (excluding trade and other payables and provisions)	<b>616,033</b>	580,136

	(Unaudited)	
	Six-month period ended	
	30.6.2015	30.6.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	–	–
Loss for the period	<b>51,021</b>	12,552
Other comprehensive income for the period	<b>17,002</b>	3,121
Total comprehensive expense for the period	<b>34,019</b>	9,431
The above loss for the period includes the following:		
Depreciation and amortisation	<b>968</b>	111
Interest income	<b>1,657</b>	532
Interest expense	<b>32,722</b>	–
Interest tax credit	<b>200</b>	510

Reconciliation of the above summarised financial information to the carrying amount of the interests in joint ventures recognised in the condensed consolidated financial statements is as follows:

	(Unaudited)	(Audited)
	At 30.6.2015	At 31.12.2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets of Orient Regent	<b>744,568</b>	778,588
Proportion of the Group's ownership interests in Oriental Regent	<b>60%</b>	60%
	<b>446,741</b>	467,153
Excess of consideration paid over net assets acquired of additional 14% equity interest in Oriental Regent	<b>81,927</b>	81,927
	<b>528,668</b>	549,080
Loans to joint ventures	<b>362,534</b>	342,901
Carrying amount of the Group's interest in Oriental Regent	<b>891,202</b>	891,981

Oriental Regent is engaged in a gaming and resort business in the Russian Federation through its wholly-owned subsidiary, G1 Entertainment. The project is currently under development stage and in the opinion of the directors, the investment is considered strategic to the Group as it allows the Group to be engaged in the development of casino business in new geographical location.

#### 11. TRADE AND OTHER RECEIVABLES

	(Unaudited) At 30.6.2015 <i>HK\$'000</i>	(Audited) At 31.12.2014 <i>HK\$'000</i>
Trade receivables	474	1,796
Prepayments to a supplier	281	16,190
Other receivables, deposits and prepayments	1,074	2,463
	<u>1,829</u>	<u>20,449</u>

The Group allows an average credit period of 30 to 90 days to its trade customers. All of the Group's trade receivables are within their credit terms with no default history and neither past due nor impaired.

The following is an aging analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	(Unaudited) At 30.6.2015 <i>HK\$'000</i>	(Audited) At 31.12.2014 <i>HK\$'000</i>
Within 30 days	466	1,250
31 – 90 days	8	546
	<u>474</u>	<u>1,796</u>

#### 12. TRADE AND OTHER PAYABLES

	(Unaudited) At 30.6.2015 <i>HK\$'000</i>	(Audited) At 31.12.2014 <i>HK\$'000</i>
Trade payables	308	1,800
Accruals and other payables	4,304	5,268
Deposits received from customers	284	17,038
	<u>4,896</u>	<u>24,106</u>

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>(Unaudited)</b> <b>At 30.6.2015</b> <i>HK\$'000</i>	(Audited) At 31.12.2014 <i>HK\$'000</i>
Within 30 days	–	1,250
31-90 days	–	175
Over 90 days	<b>308</b>	375
	<u>308</u>	<u>1,800</u>
	<b><u>308</u></b>	<b><u>1,800</u></b>

The average credit period on purchases of goods ranges from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

### 13. SHARE CAPITAL OF THE COMPANY

	<b>Number of shares</b>	<b>Share capital</b> <i>HK\$'000</i>
Authorised:		
Shares at HK\$0.025 each at 31 December 2014 and 30 June 2015	3,200,000,000	80,000
Issued and fully paid:		
Shares of HK\$0.05 each at 1 January 2014	679,306,918	33,965
Exercise of share options	250,000	13
Shares issued under placement ( <i>Note a</i> )	52,000,000	2,600
Subdivision of shares ( <i>Note b</i> )	731,556,918	–
Shares of HK\$0.025 each at 31 December 2014 and 1 January 2015	1,463,113,836	36,578
Exercise of share options	20,000,000	500
Shares of HK\$0.025 each at 30 June 2015	<u>1,483,113,836</u>	<u>37,078</u>

*Notes:*

- (a) Pursuant to the placing agreement dated 23 April 2014 (the “Placing Agreement”) entered into among Quick Glitter Limited, a company owned by Mr. Ho, Lawrence Yau Lung, non-executive director and Chairman of the Company (the “Vendor”), the Company and BNP Paribas Securities (Asia) Limited (the “Placing Agent”), the Vendor has sold and the Placing Agent has successfully placed 52,000,000 shares (the “Placing Shares”) to not less than six places who are independent third parties and not connected with the Company at the placing price of HK\$11.30 per share (the “Placing Price”). Pursuant to the subscription agreement dated 23 April 2014 (the “Subscription Agreement”) entered into between the Vendor and the Company, the Vendor has subscribed for, and the Company has issued, such number of ordinary shares which is equal to the number of the Placing Shares sold by the Vendor at the price equals to the Placing Price. The closing price per share in the Company as quoted on The Stock Exchange of Hong Kong Limited on 22 April 2014 was HK\$12.86<sup>(Note)</sup>, being the date on which the terms of the Placing Agreement and the Subscription Agreement were fixed. The net proceeds from the placement after relevant expenses and costs amounted to approximately HK\$562.4 million with a corresponding net price per Placing Share of approximately HK\$10.86<sup>(Note)</sup>, have been used for the purpose of financing further investments into the gaming and resort project in the Russian Federation and as general working capital.
- (b) On 16 June 2014, the Company had completed a capital reorganisation in which each of the existing issued and unissued shares of par value of HK\$0.05 each in the share capital of the Company has been divided into two subdivided shares of par value of HK\$0.025 each (the “Share Subdivision”). Following the effective date of Share Subdivision, the authorised share capital of the Company becomes HK\$80,000,000 divided into 3,200,000,000 subdivided shares of HK\$0.025 each.

*Note:* Being prices before adjusting for the Share Subdivision

#### **14. CAPITAL COMMITMENT**

The Group’s share of the capital commitments made jointly with other joint venture partners relating to its joint venture, Oriental Regent, to contribute funds for the acquisition of property, plant and equipment amounted to HK\$181.4 million as at 30 June 2015 (31 December 2014: HK\$ 261.1 million).

## 15. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in this condensed consolidated financial statements, the Group entered into the following transactions with related parties during the period:

	<b>(Unaudited)</b>	
	<b>Six-month period ended</b>	
	<b>30.6.2015</b>	<b>30.6.2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Operating lease rentals expense	–	78
Service fees expense	<b>120</b>	120
Imputed interest income received from joint ventures	<b>19,633</b>	–
	<b><u>19,633</u></b>	<b><u>198</u></b>

The operating lease rentals for the six-month period ended 30 June 2014 were paid to a related company controlled by one of the key management personnel of a subsidiary of the Company.

The service fees for the six-month period ended 30 June 2015 and 2014 were paid to a related company controlled by a key management personnel of the Company.

### **Compensation of key management personnel**

The emoluments of directors and other members of key management during the period were as follows:

	<b>(Unaudited)</b>	
	<b>Six-month period ended</b>	
	<b>30.6.2015</b>	<b>30.6.2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short-term benefits	<b>1,689</b>	318
Post-employment benefits	<b>18</b>	–
Share-based payments	<b>21,902</b>	39,771
	<b><u>23,609</u></b>	<b><u>40,089</u></b>

Certain shares of the Company were issued to key management upon exercise of shares options granted to them under the share option scheme of the Company. The estimated fair value of such share options are recognised as share-based payments expense for both periods based on the Group's accounting policy.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Review of Operations**

For the six-month period ended 30 June 2015, the Group continued to engage in the trading of tiles and engineering operations products. The Group recorded revenue of HK\$18.6 million for the six-month period ended 30 June 2015, representing an increase of 417% over the corresponding period in 2014 (six-month period ended 30 June 2014: HK\$3.6 million). The significant increase of revenue met our expectations and was mainly attributable to unit volume increases stemming from customers in Macau. However, this volume increase came at a reduced gross profit margin of 1.3% for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: 19%) due to competitive pricing pressure.

Loss of the Group amounted to HK\$43.8 million for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: loss of HK\$51.4 million), mainly attributable to non-cash share-based compensation benefits of HK\$23.6 million (six-month period ended 30 June 2014: HK\$40.6 million) and the Group's share of a losses of HK\$30.6 million from joint ventures, namely Oriental Regent Limited ("Oriental Regent") and its wholly owned subsidiary – G1 Entertainment LLC. ("G1 Entertainment", formerly known as First Gambling Company of the East LLC.) (six-month period ended 30 June 2014: loss of HK\$5.8 million).

The Group also generated bank interest income of approximately HK\$339,000 (six-month period ended 30 June 2014: HK\$3.4 million) and imputed interest income of HK\$19.6 million (six-month period ended 30 June 2014: nil) arising from a shareholder convertible loan granted to Oriental Regent in July 2014.

The Group's loss after adjustment for share-based compensation benefits, share of losses of joint ventures and before accounting for interest income and expense, tax, depreciation (the "Adjusted LBITDA") was HK\$9.5 million for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: Adjusted LBITDA of HK\$8.4 million).

### **Segment Information**

The Group has two operating segments: (1) trading of tiles and engineering operations products; and (2) gaming and hotel operations. The Group's revenue for the interim periods was solely derived from the trading of tiles and engineering operations products.

Upon the completion of the additional acquisition of 14% equity interest in April 2014, the 60% owned Oriental Regent continues to be accounted for as a joint venture and its results have been equity accounted for in the condensed consolidated financial statements of the Group, on the basis that the Group continues to be subject to the mutual consents among the shareholders of Oriental Regent in all material decisions and/or transactions.

At 30 June 2015, the carrying amount of the Group's interest in Oriental Regent was HK\$891.2 million (31 December 2014: HK\$892.0 million), details of which have been disclosed in note 10 to the condensed consolidated financial statements. Oriental Regent and G1 Entertainment recorded no revenue in the six-month periods ended 30 June 2015 and 2014 but incurred some pre-opening expenses and imputed interest expense arising from the Shareholder Convertible Loan. Because of the sharp depreciation of the Russian Rouble since 2014, these expenses were partly offset by the non-cash foreign exchange gain when G1 Entertainment retranslated its monetary items denominated in the United States Dollar to the Russian Rouble for consolidation purpose. Accordingly, the Group shared losses of the joint ventures of approximately HK\$30.6 million in the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: loss of HK\$5.8 million).

The analysis of the Group's revenue and results by operating and reportable segment is stated in note 4 to the condensed consolidated financial statements.

The following table sets forth a reconciliation of the Adjusted LBITDA of Oriental Regent to loss attributable to owners of Oriental Regent:

	<b>(Unaudited)</b>	
	<b>Six-month period ended</b>	
	<b>30.6.2015</b>	30.6.2014
	<b>HK\$'000</b>	HK\$'000
Revenue	—	—
Adjusted LBITDA	<b>(37,618)</b>	(13,483)
Foreign exchange gain ( <i>Note 1</i> )	<b>18,430</b>	—
Interest income	<b>1,657</b>	532
Interest expense	<b>(32,722)</b>	—
Income tax credit	<b>200</b>	510
Depreciation and amortisation	<b>(968)</b>	(111)
Loss attributable to owners of Oriental Regent	<b>(51,021)</b>	(12,552)
Proportion of the Group's interest in Oriental Regent ( <i>Note 2</i> )	<b>60%</b>	46%
Group's share of losses of Oriental Regent	<b>(30,613)</b>	(5,773)

*Note 1:* Foreign exchange gain arose from the retranslation of monetary items.

*Note 2:* The Group acquired additional 14% of the equity interest in Oriental Regent and increased its shareholding from 46% to 60% on 15 July 2014.

## **Liquidity, Financial Resources and Capital Structure**

As at 30 June 2015, cash and bank balances held by the Group amounted to HK\$135.6 million (31 December 2014: HK\$113.2 million), nearly 100% of which was denominated in Hong Kong dollar (31 December 2014: 100%). The Group continues to maintain a strong financial position with no borrowings throughout the six-month period ended 30 June 2015. Most of the Group's cash balances are placed with reputable financial institutions.

The Group remained conservative in its working capital management. Net current assets of the Group maintained at HK\$135.5 million as at 30 June 2015 (31 December 2014: HK\$110 million). The Group's major source of cash inflows for the six-month period ended 30 June 2015 was proceeds from exercise of share options amounted to HK\$34.6 million (six-month period ended 30 June 2014: HK\$0.9 million).

## **Charges on Assets**

None of the Group's assets was pledged or otherwise encumbered as at 30 June 2015 and 31 December 2014.

## **Exposure to Fluctuations in Exchange Rates**

The condensed consolidated financial statements of the Group are presented in Hong Kong dollar. The Group's monetary assets, liabilities and transactions are principally denominated either in United States dollar or Hong Kong dollar. Given that Hong Kong dollar is pegged against United States dollar, exchange rate fluctuation is nominal and hedging against foreign currency exposure is not necessary.

## **Capital Commitment**

The Group's pro-rata share of the capital commitments relating to its joint venture, Oriental Regent, to contribute funds for the acquisition of property, plant and equipment in the gaming and resort development project in the Russian Federation totaled HK\$181.4 million as at 30 June 2015 (31 December 2014: HK\$261.1 million).

## **Contingent Liabilities**

There were no contingent liabilities as at 30 June 2015 and 31 December 2014.

## **Employees**

The total number of the Group's and associates' employees was 430 as at 30 June 2015. Excluding the employees from associates, G1 Entertainment and Oriental Regent, the total number of the Group's employees was 14 as at 30 June 2015 (31 December 2014: 21). The Group continues to provide remuneration packages and training programmes to employees in line with prevailing market practices. In addition to the contributory provident fund and medical insurance, the Company has a share option program in place and occasionally may grant shares options to directors, employees and consultants of the Group as incentives.

## **Interim Dividend**

The board of directors of the Company does not recommend the payment of an interim dividend for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: Nil).

## **Outlook**

We remain optimistic about the prospects of our majority-owned integrated resort development in the Russian Far East. The Phase I project, TIGRE DE CRISTAL, in the integrated entertainment zone (“IEZ”) of the Primorsky Krai in the Russian Far East is now expected to commence operations on 8 October 2015.

The estimated ramp-up period to full operating capacity is expected to be approximately three to six months. When fully ramped-up, the TIGRE DE CRISTAL integrated resort and the operating company G1 Entertainment is expected to have approximately 1,250 staff. All key management positions at the operating company have already been filled and the majority of initially required gaming, food and beverage, and other staff members are also on board.

Political and economic relations between China and Russia have continued to strengthen as evidenced by numerous investment and cooperation initiatives established by the most senior levels of both governments. We expect the announced cooperation along agriculture, natural resources, investment and other areas to underpin the economic growth of the Russian Far East and the Primorsky Krai in particular.

Our project continues to benefit from the Russian federal and local government’s infrastructure funding. We expect ongoing support for our project as the Russian Federation seeks additional foreign investment into the Primorsky Krai IEZ and other designated IEZs in the country.

Furthermore, the Russian State Duma recently approved Vladivostok’s designation as Russia’s first free port – in addition to job creation and economic incentives, the government has indicated that citizens from most countries are to be granted visa-free entry into the area’s key entry points (including via the Vladivostok International Airport) in the near future. This is expected to enhance the current visa free or visa exempt regimes currently enjoyed by many of the resort’s expected feeder markets. Another positive sign is the agreement of a consortium led by Singapore Changi Airport Authority to acquire a majority stake in and manage the Vladivostok International Airport.

We look forward to delivering more updates in the coming months as we commence operations and ramp-up our business.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance. 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 has complied with the Corporate Governance Code set out in Appendix 14 of the Listing Rules during the period from 1 January 2015 to 30 June 2015.

The Company has established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Corporate Governance Committee to ensure maintenance of a high corporate governance standard. Terms of reference of the aforesaid committees have been posted on the Company's website at [www.saholdings.com.hk](http://www.saholdings.com.hk) under the "Corporate Governance" section.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

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 (the "Model Code") as set out in Appendix 10 of the Listing Rules. All Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings as set out in the Model Code throughout the six-month period ended 30 June 2015.

## **AUDIT COMMITTEE**

The Company's audit committee is currently composed of three Independent Non-executive Directors. The primary duties of the audit committee are to (i) review the Group's annual reports, financial statements, interim reports and to provide advice and comments thereon to the Board; and (ii) review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the unaudited interim results of the Group for the six-month period ended 30 June 2015.

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

During the six-month period ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises Mr. Ho, Lawrence Yau Lung\* (Chairman), Mr. Wang, John Peter Ben<sup>#</sup> (Deputy Chairman), Mr. Tsui Yiu Wa, Alec<sup>+</sup>, Mr. Pang Hing Chung, Alfred<sup>+</sup> and Dr. Tyen Kan Hee, Anthony<sup>+</sup>.

# Executive Director

\* Non-executive Director

+ Independent Non-executive Director

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

Hong Kong, 31 August 2015