SUMMIT ASCENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 102)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the "Board") of Summit Ascent Holdings Limited (the "Company" or "Summit Ascent") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 as follows:

HIGHLIGHTS

- The Group's first casino hotel in Vladivostok, Russia, Tigre de Cristal, staged its test launch on 8 October and celebrated its Grand Opening on 11 November 2015.
- Loss for the year attributable to owners of the Company amounted to HK$85.4 million (2014: Loss of HK$78.9 million). The loss incurred during the year was mainly due to the Group's share of pre-opening expenses in preparation for the opening of Tigre de Cristal.
- The Group's 60%-owned gaming and hotel operations generated an adjusted EBITDA of HK$14.3 million during the period from 8 October 2015 (the test launch date of Tigre de Cristal) to 31 December 2015.
- Management continues to work hard to ramp up the business at Tigre de Cristal. Thus far, the consistent month-on-month improvements have been encouraging.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
Turnover	5	**18,832**	21,926
Cost of sales		**(18,524)**	(20,314)
Gross profit		**308**	1,612
Other income	6	**43,464**	26,528
Selling and distribution expenses		**(28)**	(103)
General and administrative expenses		**(60,382)**	(106,504)
Share of losses of joint ventures		**(68,727)**	(407)
Loss before taxation		**(85,365)**	(78,874)
Income tax expense	8	**–**	–
Loss for the year, attributable to owners of the Company	9	**(85,365)**	(78,874)
Other comprehensive expense			
– share of exchange differences of a joint venture, which may be reclassified subsequently to profit or loss		**(157,298)**	(183,133)
Total comprehensive expense for the year, attributable to owners of the Company		**(242,663)**	(262,007)
Loss per share	11		
– Basic *(HK cents)*		**5.79**	5.52
– Diluted *(HK cents)*		**5.79**	5.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	**2015** **HK$'000**	2014 HK$'000
Non-current assets			
Equipment		**280**	306
Interests in joint ventures	12	**324,404**	549,080
Loans to joint ventures	12	**385,049**	342,901
		709,733	892,287
Current assets			
Inventories		**17**	22
Trade and other receivables	13	**1,443**	20,449
Amounts due from joint ventures		**2,241**	437
Bank balances and cash		**130,276**	113,242
		133,977	134,150
Current liabilities			
Trade and other payables	14	**5,467**	24,106
Net current assets		**128,510**	110,044
Net assets		**838,243**	1,002,331
Capital and reserves			
Share capital	15	**37,137**	36,578
Reserves		**801,106**	965,753
Equity attributable to owners of the Company		**838,243**	1,002,331

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company					
	Share capital	**Share premium**	**Translation reserve**	**Share-based compensation reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	33,965	601,743	(1,853)	62,270	(79,316)	616,809
Loss for the year	–	–	–	–	(78,874)	(78,874)
Share of exchange differences of a joint venture	–	–	(183,133)	–	–	(183,133)
Total comprehensive expense for the year	–	–	(183,133)	–	(78,874)	(262,007)
Exercise of share options	13	1,269	–	(417)	–	865
Recognition of equity-settled share-based payments	–	–	–	84,234	–	84,234
Shares issued	2,600	585,000	–	–	–	587,600
Transaction costs attributable to issue of shares	–	(25,170)	–	–	–	(25,170)
At 31 December 2014 and 1 January 2015	36,578	1,162,842	(184,986)	146,087	(158,190)	1,002,331
Loss for the year	**–**	**–**	**–**	**–**	**(85,365)**	**(85,365)**
Share of exchange differences of a joint venture	**–**	**–**	**(157,298)**	**–**	**–**	**(157,298)**
Total comprehensive expense for the year	**–**	**–**	**(157,298)**	**–**	**(85,365)**	**(242,663)**
Exercise of share options	**559**	**122,397**	**–**	**(87,463)**	**–**	**35,493**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**43,082**	**–**	**43,082**
At 31 December 2015	**37,137**	**1,285,239**	**(342,284)**	**101,706**	**(243,555)**	**838,243**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are the trading of tiles and engineering operations products.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2016

4 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the "Directors") anticipate that the adoption of HKFRS 9 in the future may affect the classification and measurement of the Group's financial assets.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 Presentation of Financial Statements give some guidance on how to apply the concept of materiality in practice.

The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

The Directors anticipate that the application of the other new and revised standards, amendments and interpretation issued but not yet effective will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based Payment*", leasing transactions that are within the scope of HKAS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of Assets*".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of Oriental Regent Limited ("Oriental Regent") as joint ventures

Note 12 describes that Oriental Regent is a joint venture of the Group. The Directors assessed whether or not the Group has control over Oriental Regent based on whether the Group has the practical ability to direct the relevant activities of Oriental Regent unilaterally.

New Crescent Investments Limited ("New Crescent"), a wholly owned subsidiary of Melco International Development Limited ("Melco") has 5% equity interest in Oriental Regent. Mr. Ho, Lawrence Yau Lung is a shareholder with significant influence and director in both the Company and Melco. Although the Group and New Crescent have in aggregate 65% equity interest in Oriental Regent, the Directors considered that Oriental Regent is not a subsidiary of the Group as Melco is a listed company which is not considered to be acting on the Group's behalf in respect of the 5% interest in Oriental Regent held by Melco. Accordingly, as 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, Oriental Regent is considered to be under joint control of the Group and the other parties.

In addition, Oriental Regent is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the companies itself. There are also no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, the Directors classified Oriental Regent as a joint venture of the Group.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of trade and other receivables is HK$1,443,000 (2014: HK$20,449,000) with no allowance for doubtful debts for both years.

Share-based payments

The Group recognises share-based compensation expense on options granted. Share-based compensation expense is based on the estimated fair value of each option at its grant date, the estimation of which requires management to make assumptions about future volatility of the Company's stock price, future interest rates and the timing with respect to exercise of the options. The effects of a change in one or more of these variables could result in a materially different fair value. No share option was granted by the Company during the year (2014: HK$18,558,000) and the amount associated with share-based payments for the year ended 31 December 2015 is HK$43,082,000 (2014: HK$84,234,000).

5. TURNOVER

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

6. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**725**	4,650
Imputed interest income from loans to joint ventures *(Note 12 (i))*	**40,769**	17,373
Management fee income received from a joint venture	**1,963**	–
Others	**7**	4,505
	43,464	26,528

7. 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 turnover and results by operating and reportable segment is as follows:

	2015			2014		
	Trading of tiles and engineering operations products	**Gaming and hotel operations**	**Total**	Trading of tiles and engineering operations products	Gaming and hotel operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Turnover – external sales	**18,832**	**–**	**18,832**	21,926	–	21,926
Segment results	**(2,159)**	**(66,764)**	**(68,923)**	(3,958)	(407)	(4,365)
Other income			**41,501**			23,966
Share-based payment expense			**(43,082)**			(84,234)
Unallocated general and administrative expenses			**(14,861)**			(14,241)
Loss before taxation			**(85,365)**			(78,874)

The accounting policies of the operating segments are the same as the Group's accounting policies. 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.

Segment assets and liabilities

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

Segment assets

	2015	2014
	HK$'000	*HK$'000*
Trading of tiles and engineering operations products	**325**	19,283
Gaming and hotel operations	**711,694**	892,418
Segment assets	**712,019**	911,701
Unallocated assets		
Bank balances and cash	**130,276**	113,242
Equipment	**280**	306
Other receivables	**1,135**	1,188
Consolidated assets	**843,710**	1,026,437

Segment liabilities

	2015	2014
	HK$'000	*HK$'000*
Trading of tiles and engineering operations products	**2,870**	21,045
Gaming and hotel operations	**–**	–
Segment liabilities	**2,870**	21,045
Unallocated liability		
Other payables and accruals	**2,597**	3,061
Consolidated liabilities	**5,467**	24,106

Other segment information

	2015				2014			
	Trading of tiles and engineering operations products	**Gaming and hotel operations**	**Unallocated**	**Consolidated**	Trading of tiles and engineering operations products	Gaming and hotel operations	Unallocated	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount included in the measure of segment profit or loss or segment assets:								
Write back of provision for stock obsolescence	**11**	**–**	**–**	**11**	–	–	–	–

Geographical information

The information of the Group's non-current assets by geographical location of assets is detailed below:

	Non-current assets	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**280**	306
Russian Federation	**709,453**	891,981
	709,733	892,287

Information about major customers

Included in revenue arising from trading of tiles and engineering operations products are revenue of approximately HK$16,068,000 (2014: HK$12,358,000) which arose from sales to the Group's largest customer.

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for taxation in Hong Kong has been made as the Group has no estimated assessable profit for both years.

Income tax expense for the year can be reconciled to the loss before taxation in the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation	**(85,365)**	(78,874)
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	**(14,086)**	(13,014)
Tax effect of expenses not deductible in determining taxable profit	**8,018**	13,940
Tax effect of income not taxable in determining taxable profit	**(7,190)**	(3,980)
Tax effect of share of losses of joint ventures	**11,340**	67
Tax effect of tax losses not recognised	**1,918**	2,987
Tax expense for the year	**–**	–

At the end of the reporting period, the Group has unused tax losses of HK$28,295,000 (2014: HK$16,673,000) available for offset against future profits. No deferred tax assets have been recognised on such tax losses for both years due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

9. LOSS FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,691**	1,338
Directors' remunerations	**34,269**	73,570
Salaries, wages, bonus and other benefits	**7,875**	11,760
Contributions to retirement benefits schemes, excluding directors	**228**	608
Share-based compensation benefits, excluding directors and consultants	**6,393**	7,197
Total staff costs	**14,496**	19,565
Bank interest income	**(725)**	(4,650)
Cost of inventories recognised as an expense	**18,524**	20,314
Depreciation	**140**	72
Imputed interest income from loans to joint ventures	**(40,769)**	(17,373)
Legal and professional fees	**445**	752
Minimum lease payments under operating leases	**2,357**	2,258
Net foreign exchange gain	**(7)**	(1,943)
Share-based compensation benefits to consultants	**3,056**	4,103
Write back of provision for stock obsolescence	**(11)**	–

10. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

11. 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:

	2015	2014
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share	**85,365**	78,874
	Number of shares *(in thousands)*	
Weighted average number of ordinary shares for the purposes of basic and diluted losses per share	**1,474,952**	1,429,434

The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 December 2014 have been adjusted for the subdivision of shares on 16 June 2014, as detailed in note 15.

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.

12. INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

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

	2015	2014
	HK$'000	*HK$'000*
Cost of unlisted investment in joint ventures	**418,546**	418,541
Share of post-acquisition losses and other comprehensive expenses	**(412,700)**	(186,675)
Deemed capital contribution	**318,558**	317,214
	324,404	549,080
Loans to joint ventures *(Note i)*	**385,049**	342,901

On 23 August 2013, a wholly owned subsidiary of the Company, Summit Ascent Russia Limited ("SARL") entered into an investment agreement ("Investment Agreement") with New Crescent, Firich Investment Limited ("Firich"), Elegant City Group Limited ("Elegant City") and Oriental Regent. Firich, Elegant City and Oriental Regent are independent third parties to the Group. The Investment Agreement provides that Summit Ascent Russia Limited will make an investment in a gaming and resort development project in Russia, by subscribing new shares of Oriental Regent, representing 46% of the enlarged issued share capital of Oriental Regent upon completion pursuant to the terms and conditions of the Investment Agreement. The Investment Agreement has been completed on 31 October 2013 and the consideration paid by the Group is 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 is required to invest additional amount in accordance with their respective shareholding in Oriental Regent and the consideration paid by the Group is approximately HK$76,660,000.

Pursuant to the acquisition agreement signed on 23 April 2014, SARL acquired a further 14% 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	Country of incorporation/ registration	Principal place of operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2015	2014	**2015**	2014	
Oriental Regent	Hong Kong	Hong Kong	**60%**	60%	**33%**	33%	Investment holding
G1 Entertainment LLC (formerly known as "First Gambling Company of the East LLC") *(Note ii)*	Russian Federation	Russian Federation	**60%**	60%	**33%**	33%	Operation of hotel and gaming business in the Integrated Entertainment Zone in Russia Federation
Oriental Winner Limited ("Oriental Winner")	Hong Kong	Hong Kong	**50%**	–	**50%**	–	Travel and travel related business

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 HK$1,071,236,000 in total as required by Oriental Regent to continue to fund the gaming and resort project in Russia Federation by way of ordinary shareholder convertible loan (the "Shareholder Convertible Loan") as contemplated under the investment and shareholders' agreement dated 23 August 2013. The Group as one of the lenders provided its pro rata proportion of the Shareholder Convertible Loan amounted to HK$342,901,000, after adjusting the fair value adjustment of HK$317,214,000 and imputed interest income of 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 Oriental 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") is a wholly-owned subsidiary of Oriental Regent.

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint venture, Oriental Regent, on a consolidation basis, is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

Oriental Regent

	2015	2014
	HK$'000	*HK$'000*
Current assets		
Bank balances and cash	**79,469**	847,830
Others	**87,120**	26,749
	166,589	874,579
Non-current assets		
Property, plant and equipment	**948,229**	221,454
Long term prepayments, other receivables and other asset	**11,931**	268,578
Deferred tax assets	**1,305**	1,089
Others	**201**	25
	961,666	491,146
Current liabilities		
Other payables and accruals	**(76,224)**	(6,564)
Obligations under finance leases	**(1,199)**	–
Others	**(2,433)**	(437)
	(79,856)	(7,001)
Non-current liabilities		
Long term payables	**(4,269)**	(8,634)
Loans from shareholders	**(639,407)**	(571,502)
Obligations under finance leases	**(1,512)**	–
	(645,188)	(580,136)

	2015	2014
	HK$'000	*HK$'000*
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**79,469**	847,830
Current financial liabilities (excluding trade and other payables and provisions)	**(3,632)**	(437)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(645,188)**	(580,136)

	2015	2014
	HK$'000	*HK$'000*
Revenue	**71,979**	–
Loss for the year	**(113,771)**	(2,723)
Other comprehensive expense for the year	**(262,163)**	(307,865)
Total comprehensive expense for the year	**(375,934)**	(310,588)
The above loss for the year includes the following:		
Depreciation and amortisation	**(18,684)**	(482)
Interest income	**1,686**	1,345
Interest expense	**(67,905)**	(28,955)
Income tax credit	**550**	1,452

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

	2015	2014
	HK$'000	*HK$'000*
Net assets of Oriental Regent	**403,211**	778,588
Non-controlling interests	**(558)**	–
	402,653	778,588
Proportion of the Group's ownership interests in Oriental Regent	**60%**	60%
	241,592	467,153
Excess of consideration paid over net assets acquired for the additional 14% equity interest in Oriental Regent	**81,927**	81,927
Carrying amount of the Group's interest in Oriental Regent	**323,519**	549,080

Oriental Regent is engaged in a gaming and resort business in Russia Federation through its wholly-owned subsidiary, G1 Entertainment. After 2.5 years of project construction and development, in October 2015, the gaming and resort business commenced operations. 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.

Information of a joint venture that is not material

Oriental Winner

	7.7.2015 (date of incorporation) to 31.12.2015
	HK$'000
The Group's share of loss and total comprehensive expense for the year	(465)
Carrying amount of the Group's interest	885

13. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**27**	1,796
Prepayments to a supplier	**281**	16,190
Other receivables, deposits and prepayments	**1,135**	2,463
	1,443	20,449

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:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**20**	1,250
31 – 90 days	**7**	546
	27	1,796

14. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**320**	1,800
Accruals and other payables	**3,222**	5,268
Deposits received from customers	**1,925**	17,038
	5,467	24,106

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

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**–**	1,250
31 – 90 days	**4**	175
over 90 days	**316**	375
	320	1,800

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.

15. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital
		HK$'000
Authorised:		
Shares of HK$0.05 each at 1 January 2014	1,600,000,000	80,000
Subdivision of shares *(Note b)*	1,600,000,000	–
Shares at HK$0.025 each at 31 December 2014 and 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 *(Note a)*	52,000,000	2,600
Subdivision of shares *(Note b)*	731,556,918	–
Shares of HK$0.025 at 31 December 2014 and 1 January 2015	1,463,113,836	36,578
Exercise of share options	22,382,000	559
Shares of HK$0.025 at 31 December 2015	1,485,495,836	37,137

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 placees 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 net proceeds, after deduction of the relevant expenses, of approximately HK$562.4 million have been used to further fund the joint ventures' investment in the gaming and resort development project in Russia 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 subdivided into two subdivided shares of par value of HK$0.025 each. 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, of which 1,463,113,836 subdivided shares are in issue and fully paid.

CHAIRMAN'S STATEMENT

We are proud to have conducted the grand opening of our majority-owned Tigre de Cristal integrated resort in Primorsky Krai Integrated Entertainment Zone ("IEZ") of the Russian Far East on 11 November 2015. The grand opening of the property was a major milestone in Summit Ascent's history, and is a significant step forward in our maturation as a listed company. Tigre de Cristal is the largest integrated resort ever built in the Russian Federation and is one of the largest foreign investment projects in the Primorsky Krai.

The management and operating team at G1 Entertainment LLC are working diligently to ramp up the business at Tigre de Cristal. When operating at full capacity, the Tigre de Cristal integrated resort and the operating company G1 Entertainment LLC are expected to have approximately 1,100 staff. We expect to be running at close to optimal levels on a ramped-up basis sometime during the summer of 2016. We are further encouraged by the month-on-month improvements seen thus far during the winter season.

With the local government continuing to heavily promote Russian Far East as a tourist destination, the expressway between the Vladivostok International Airport and the IEZ nearing completion, key parts of the "free port" initiative being implemented and the opening of more non-gaming facilities at Tigre de Cristal, we only expect our visitation and gaming metrics to increase. In fact, according to Russian Government statistics, tourism to the Primorsky Krai increased by nearly 60%, on a year–on-year basis with the largest portion of this growth coming in the fourth quarter of 2015. We believe that our project has been a major driver to this impressive increase.

Our business proposition has been further validated by the commitment from several operators to develop other integrated resorts in the IEZ. While we expect our monopoly position to remain intact until at least 2018, we do look forward to the positive effect these resorts, our own Phase II project, and other non-gaming developments in and near the IEZ will have on our business, the Primorsky Krai, and the attractiveness of the region as a tourist destination.

In 2016, we will continue to ramp up our business at Tigre de Cristal, and expect to commence development of our Phase II project in the IEZ. In addition, we are proud to serve our integral role as a pioneer in the development of tourism and enhancement of economic growth in the Russian Far East.

Finally, we would like to express our sincere appreciation to our employees, shareholders, and partners for their ongoing support as we continue to develop our business.

Ho, Lawrence Yau Lung
Chairman and Non-Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the financial year ended 31 December 2015, the Group has two business segments: (1) trading of tiles and engineering operations products, and (2) gaming and hotel operations in the Russian Federation.

To facilitate easier understanding of the results of the year, the income statement for the Group is reproduced below with certain items rearranged and reclassified:

	Explanatory Notes	**2015** ***HK$'000***	2014 *HK$'000*
Segment loss from trading of tiles and engineering operations products as stated in note 7 to the consolidated financial statements		**(2,159)**	(3,958)
Share of loss of 60% owned Oriental Regent Limited ("Oriental Regent")	A	**(68,262)**	(407)
Management fee income		**1,963**	–
Bank interest income		**725**	4,650
Sundry income		**–**	2,562
Corporate and administrative expenses		**(15,326)**	(16,803)
Notional non-cash items	B	**(2,306)**	(64,918)
Loss before taxation		**(85,365)**	(78,874)
Income tax		**–**	–
Loss for the year		**(85,365)**	(78,874)

Explanatory Notes:

A. Share of loss of Oriental Regent

	2015	2014
	HK$'000	*HK$'000*
Net loss of Oriental Regent	**(113,771)**	(2,723)
Attributable to the Group	**(68,262)**	(407)

The Group acquired 46% equity interest in Oriental Regent effective from 1 November 2013 and increased its shareholding from 46% to 60% as from 15 July 2014.

B. Notional non-cash items

	2015	2014
	HK$'000	*HK$'000*
Imputed interest income from loans to Oriental Regent	**40,769**	17,373
Net foreign exchange gain	**7**	1,943
Notional share option expenses	**(43,082)**	(84,234)
	(2,306)	(64,918)

Trading of tiles and engineering operations products

Trading of tiles and engineering operations products is a legacy business of the Group. It is expected that the financial impact from this legacy business will become increasingly insignificant as our gaming operations continue to ramp up.

Gaming and hotel operations

The Group's gaming and hotel operations are conducted through its effective holding of 60% interest in Oriental Regent. The Group also derives a management fee income calculated at 3% of total gaming revenue generated by Oriental Regent.

Oriental Regent is an investment holding company, which holds the entire equity interest in G1 Entertainment LLC ("G1 Entertainment", formerly known as First Gambling Company of the East LLC). G1 Entertainment holds a gaming license awarded by the Administration of the Primorye Region to conduct gaming activities in the Integrated Entertainment Zone ("IEZ") of the Primorye Region of the Russian Federation.

G1 Entertainment holds development rights on two parcels of land in the IEZ, namely, Lot 9 and Lot 10. The first casino hotel, trading as **Tigre de Cristal**, is built on Lot 9 and staged its test launch on 8 October 2015 and officially opened on 11 November 2015. We expect to commence construction on our Phase II project on Lot 10 towards the end of 2016, and open Phase II for operations in the latter half of 2018. More details on Phase II are available in the Outlook section below.

Operational performance of Tigre de Cristal

Tigre de Cristal is our first casino property in the Russian Federation. It is also the first and the only casino property currently operating in the Primorsky IEZ. The Primorsky IEZ is located within a three hour flight radius of approximately 400 million Asians. Domestic Russian visitors are also allowed to game in the IEZ. There are currently 6 Integrated Entertainment Zones in the Russian Federation, all of which are located in border regions of the world's largest country in terms of land mass. The Primorsky IEZ is the only IEZ in the Russian Far East, ideally located in the heart of Northeast Asia and approximately 80 kilometers away from the border with China.

Tigre de Cristal features:

- Approximately 33,000 square meters of casino and resort space, offering a broad range of gaming options;
- Luxury hotel with a total of 121 various rooms and suites;
- Casual and fine dining in two restaurants and five bars;
- Recreation and leisure facilities, including a golf simulator area and a health club and spa which will be opened in the summer of 2016; and
- A jewelry store, travel agency and convenience store also set to open in the summer of 2016.

The Russian Government does not impose any limits on the number of gaming tables or slot machines and therefore Tigre de Cristal is at liberty to adjust its gaming capacities according to business needs.

Mass market table gaming, gaming machines, food and beverage operations started to generate revenue from the test launch on 8 October 2015 while rolling chip table gaming and hotel operations started to generate revenue from the grand opening day on 11 November 2015.

Loss incurred by Oriental Regent during the year

For the year under review, Oriental Regent incurred a loss of HK$114 million (2014: a loss of HK$2.7 million). The loss was mainly due to pre-opening costs, depreciation and amortisation, and certain notional non-cash items, offset by a positive adjusted EBITDA amounting to approximately HK$14.3 million (2014: Nil) from the start of casino operations to the end of the financial year.

Adjusted EBITDA of Oriental Regent from the start of casino operations to 31 December 2015

Adjusted EBITDA is used by management as the primary measure of operating performance of gaming operations. Adjusted EBITDA is defined as net income after adjustment for pre-opening expense, impairment loss, depreciation and amortisation, interest, and taxes. The following table sets forth a reconciliation of Adjusted EBITDA from the start of casino operations to 31 December 2015 with the reported results of Oriental Regent for the year as per note 12:

	HK$'000	***HK$'000***
Adjusted EBITDA for Oriental Regent from start of casino operations to 31 December 2015		**14,346**
Notional non-cash items:		
Less: Imputed interest expense	**(67,905)**	
Depreciation and amortisation	**(18,684)**	
Impairment loss	**(3,170)**	
Add: Foreign exchange gain arising from re-translation of monetary items	**34,684**	**(55,075)**
Other items:		
Less: Pre-opening expenses incurred prior to casino opening	**(75,278)**	
Add: Interest income	**1,686**	
Income tax credit	**550**	**(73,042)**
Net loss attributable to owners of Oriental Regent as per note 12 to the consolidated financial statements		**(113,771)**

Imputed interest expense arose from shareholders' convertible loans granted by the shareholders of Oriental Regent. The loans are non-interest bearing and the imputed interest expense is a non-cash item calculated according to the fair interest rate for accounting purposes.

Pre-opening costs consist of expenses, predominantly project management, staff and training costs, incurred prior to the start of the casino operations.

Foreign exchange gain generated from the continuing depreciation of the Russian Ruble and on the re-translation of monetary items, which are not denominated in the Russian Ruble.

Gaming revenue of Tigre de Cristal consists of three main sources, namely, rolling chip business, mass table business and slots business.

Rolling chip business

Tigre de Cristal commenced its rolling chip business from the date of official opening on 11 November 2015. Our strategy is to start our rolling business using only casual junkets initially without fixed-room operators. This decision is deemed necessary in order to preserve the bargaining power of the casino vis-à-vis fixed room operators. It is our plan that fixed room junket operators will start to operate at Tigre de Cristal starting from May of 2016 when we have fully ramped up our own casual junket business. The table below sets forth the key performance indicators of our rolling chip business from commencement:

	2015		**2016**	
	November	**December**	**January** *(Note)*	**February** *(Note)*
Rolling chip turnover *(HK$'000)*	258,197	312,277	355,055	382,412
Gross win *(HK$'000)*	16,990	10,928	10,233	19,963
Less: Rebate *(HK$'000)*	(6,879)	(6,160)	(5,879)	(11,131)
Net win after rebate *(HK$'000)*	10,111	4,768	4,354	8,832
Daily average number of tables opened	8	10	9	8

Note: Based on unaudited management accounts.

So far, our strategy appears to have been correct as rolling chip turnover has been increasing on a month-on-month basis since commencement of business and we expect to see marked improvements on this business over the next several months. In addition, the existing casual junket business has given us the flexibility to add fixed room operators at a later date from a stronger negotiating position.

Mass table business

Tigre de Cristal commenced its mass table business from the test launch date on 8 October 2015. Despite the inability to legally advertise casinos in all of our target feeder markets and the onset of the Russian winter, the ramp-up of the mass table business in the initial months has been satisfactory. The table below sets forth the key performance indicators:

	2015			2016	
	October	**November**	**December**	**January** *(Note)*	**February** *(Note)*
Total table drop *(RUB' million)*	278	434	448	407	412
Table net win *(RUB' million)*	59	83	101	107	89
Daily average number of tables opened	29	24	23	23	23

Note: Based on unaudited management accounts.

On average, there were 612 registered players entering the casino daily for the period from the test launch date to 31 December 2015 of which approximately 50% were non-Russian (predominantly Asians).

Mass table drop did not show a meaningful improvement in January and February of 2016. We believe this is due to a seasonal factor. Traditionally, organised tour groups from China normally operate during the warmer months in Vladivostok. As a result of the dwindling down of organised Chinese tour groups during the winter season, the number of non-Russian mass market players started to decrease between October 2015 and February 2016. This is evidenced by the fact that in February 2016, non-Russian patron visitation dropped to approximately 16%. That said, thanks to the continuing ramp-up of our domestic Russian business, table drop has managed to hold up at reasonable levels. We expect mass table drop to increase substantially when organised tour groups from our target markets in Northeast Asia start to operate again in the warmer months. In addition, we expect the Russian mass business to also increase during the summer months as Vladivostok is a major domestic tourist destination for Russians during the summer period.

Slot business

Tigre de Cristal commenced its slots business from the test launch date on 8 October 2015. As expected, the slot market is primarily a local market. The ramp-up of the slots business in the initial months has been satisfactory. The table below sets forth the key performance indicators:

	2015			2016	
	October	**November**	**December**	**January** *(Note)*	**February** *(Note)*
Total slot handle *(RUB' million)*	473	778	763	1,010	1,058
Slot net win *(RUB' million)*	36	54	56	60	75

Note: Based on unaudited management accounts.

As at both 31 December 2015 and 29 February 2016, there were 321 slot machines in operation at Tigre de Cristal. We remain upbeat on the continuing ramp-up of our slots business over the rest of 2016.

Tax

Gaming tax in the Russian Federation is determined by applying a fixed monthly rate to the number of gaming tables and slots. The monthly rates per table and per slot are RUB125,000 and RUB7,500 respectively. G1 Entertainment has an exemption from corporate tax on profit generating from gaming operations. As for non-gaming revenues, G1 Entertainment is subject to the Russian Federation's standard corporate tax rate which currently stands at 20%. There have been media reports of potential increases to the gaming tax rate, but none of them have been substantiated, and in our view the current tax regime will remain in place for the foreseeable future.

Anti-money laundering policy

Tigre de Cristal is governed by the Russian Federal Law No. 115-FZ of 7 August 2001 "On Anti-Money Laundering and Combating Financing of Terrorism" (the "Russian AML/CFT Law"), which is aimed at protecting the rights and lawful interests of citizens, society and the state by means of building up legal mechanism to counter the legalisation of illegal earnings (money laundering) and the financing of terrorism. According to the Financial Action Task Force's (FATF) 6th Follow-up Report of Mutual Evaluation of the Russian Federation dated October 2013 (the "Follow-up Report"), since the adoption of the 2008 FATF Mutual Evaluation Report (the "MER"), Russia has focused its attention on updates of the Russian AML/CFT Law, which has been regarded as the main legal instrument for the implementation of the FATF Recommendations in Russia. The Follow-up Report also mentioned that Russia had focused its attention to the correction of the most important deficiencies identified in the MER.

In accordance with the provisions of the Russian AML/CFT Law, Tigre de Cristal has adopted its own anti-money laundering and combating financing of terrorism policies and the key components include: internal control systems in the casino; a special officer to oversee the daily compliance; client identification and screening; and reporting unusual transactions subject to mandatory requirements.

Liquidity, Financial Resources and Capital Structure

Equity attributable to owners of the Company at 31 December 2015 was HK$838.2 million (31 December 2014: HK$1,002.3 million). The decrease was mainly attributable to the share of losses and exchange differences of joint ventures.

At 31 December 2015, cash and bank balances held by the Group amounted to HK$130.3 million (31 December 2014: HK$113.2 million), nearly 100% of which was denominated in Hong Kong dollar. The Group continues to maintain a strong financial position with no borrowings throughout the years ended 31 December 2014 and 2015.

The Group remained conservative in its working capital management. Net current assets of the Group were maintained at HK$128.5 million at 31 December 2015 (31 December 2014: HK$110.0 million).

The following table set forth a summary of our cash flows for the year:

	2015	2014
	HK$'000	*HK$'000*
Net cash used in operating activities	**(14,504)**	(12,905)
Net cash used in investing activities	**(3,955)**	(796,411)
Net cash generated from financing activities	**35,493**	562,923
Net increase (decrease) in cash and cash equivalents	**17,034**	(246,393)
Cash and cash equivalents at beginning of the year	**113,242**	359,635
Cash and cash equivalents at end of the year	**130,276**	113,242

Net cash used in operating activities of HK$14.5 million (2014: HK$12.9 million) represented the operating loss attributable to the trading of tiles and engineering operations products and the corporate administrative expenses.

Net cash used in investing activities of HK$4.0 million for the year ended 31 December 2015 was mainly attributable to a loan granted to a joint venture engaged in the travel agency business for provision of services to Tigre de Cristal. Net cash used in investing activities of HK$796.4 million for the year ended 31 December 2014 was primarily attributable to the acquisition of additional 14% equity interest in Oriental Regent amounted to HK$157.5 million and shareholders' loans of HK$642.7 million provided to Oriental Regent on a pro rata basis in proportion to the shareholding in Oriental Regent.

Net cash generated from financing activities of HK$35.5 million for the year ended 31 December 2015 was the proceeds from exercise of share options. Net cash generated from financing activities of HK$562.9 million for the year ended 31 December 2014 was primarily attributable to the proceeds of HK$587.6 million from issue of shares, net of expenses of HK$25.2 million.

Charges on Assets

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

Exposure to Fluctuations in Exchange Rates

The functional currency of the Group is Hong Kong dollars and the consolidated financial statements of the Group are presented in Hong Kong dollars. The Group's monetary assets, liabilities and transactions are principally denominated either in United States dollars or Hong Kong dollars. 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.

The Group's exposure at the reporting date to foreign currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the Company. This translation gain or loss is measured by the difference between the value of the assets and liabilities at the historical rate and current rate, disclosed in the Group's consolidated statement of profit or loss and other comprehensive income as share of exchange differences of joint ventures amounted to HK$157.3 million (2014: HK$183.1 million), which may be reclassified subsequently to profit or loss and does not affect the loss for the year of the Group.

Capital Commitment

The Group had no capital commitment as at 31 December 2015. At 31 December 2014, the Group's pro-rata share of the capital commitments relating to its joint venture company, 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$261.1 million.

Contingent Liabilities

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

Event after the Reporting Period

Subsequent to year end date on 14 March 2016, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") pursuant to which the Company has conditionally agreed to dispose of the entire equity interest in Easy Market Trading Limited ("Easy Market") for a cash consideration of HK$200,000 (the "Disposal"). Completion of the sale and purchase of Easy Market under the Sale and Purchase Agreement took place on 14 March 2016. Easy Market is the owner of the entire issued share capital of Arnhold Trading Limited ("Arnhold Trading") which is engaged in the trading of tiles and engineering operations products. After the completion of the Disposal, Easy Market and Arnhold Trading ceased to be subsidiaries of the Company and the assets, liabilities and financial results of the Easy Market and Arnhold Trading will no longer be consolidated in the financial statements of the Group. For further details of the Disposal, please refer to the announcement of the Company dated 14 March 2016.

Employees

As at 31 December 2015, total number of employees employed by the Group and its joint venture companies was approximately 1,078 (31 December 2014: 102). Excluding the employees employed by joint venture companies, total number of the Group's employees was 13 as at 31 December 2015 (31 December 2014: 21). The Group continues to provide remuneration packages and training programs to employees in line with prevailing market practices. In addition to the contributions to employees' provident fund and medical insurance programs, 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.

Outlook

The Group remains optimistic on the prospects for its majority owned integrated resort in the Russian Federation.

Since the grand opening of Tigre de Cristal on 11 November 2015, the Group has relentlessly focused on the ramp up of its gaming business and on optimising all operational aspects of property. Despite inclement weather over the first few months of operations, limited non-gaming facilities and low seasonality, overall gaming revenues have shown consistent month-on-month improvements.

After carefully considering the gaming metrics to date and with the goal of gaming yield optimisation, Tigre de Cristal is currently undergoing minor reconfigurations of certain gaming areas. As we have not yet reached full utilisation of existing gaming capacity, we expect this reconfiguration to have minimal impact on gaming operations. Completion of this reconfiguration is expected before the end of March 2016.

In addition, we expect to complete fit out of the on-site spa and health club, golf simulator area, convenience store, jewelry shop and travel agency in the second quarter of 2016. Completion of these areas will enhance the resort's non-gaming facilities and should drive additional visitation and underpin growth in gaming activities.

Management believes that there are several reasons that the business has significant room to continue its growth trajectory over the coming months and that full ramp-up should be achieved during the summer of 2016 given that the majority of the following conditions are met:

(1) Additional and higher value gaming tour operators or "casual junkets" are signed over the next quarter and one or two VIP fixed room operators start to operate at the property.

(2) Local Russian gaming business continues to show incremental improvement over the coming quarter, and domestic Russian tourism to Primorsky Krai increases as expected during the summer months. Any rebound in the Russian economy or currency would also have a positive incremental impact as we believe that these strengthen local spending power and would outpace increases in operating expenses.

(3) Aforementioned non-gaming amenities at Tigre de Cristal such as the jewelry store, travel agency, golf simulator area, spa and health club, and convenience store are completed in the second quarter of 2016.

(4) International tourism to the Russian Far East, in particular from Northeast Asia, continues its year-on-year acceleration.

(5) The expressway from the Vladivostok International Airport to the IEZ is completed. This expressway is nearing completion and will replace the existing road and cut the travel time from the airport to the IEZ from approximately 30 minutes to less than 15 minutes.

(6) The new "visa free" regime that is part of the free port initiative and already legally in force is implemented at working levels in key air, land, and sea immigration entry points.

(7) Additional flights to/from key feeder markets from domestic and international airlines are added over the coming months.

(8) Player acquisition programs are accelerated and expanded in key feeder markets.

In addition, the Group has already commissioned conceptual drawings for its Phase II integrated project in the Primorsky Krai IEZ. This project is expected to have 500 total hotel rooms distributed across 2 hotels, gaming areas with 100 VIP tables, 70 mass market gaming tables, 500 slot machines, a nearby golf course and sports clubhouse, MICE (Meetings, Incentives, Conferences, and Events) facilities, a shopping mall, a nightclub and concert facility, children's play areas and food and beverage offerings including Western, Chinese, Korean, Japanese, casual dining, and bars. Construction on Phase II is expected to commence in late 2016, and the resort is expected to open for operations in the latter half of 2018.

Another potentially positive factor will be the commencement of construction on two to three additional integrated resorts in 2016. Two groups have indicated that they will commence property development in the IEZ in 2016, while two others are expected to specify their plans in the very near future. As of today, all lots in the Primorsky Krai IEZ are already spoken for. As these projects are completed and their operations commence, we believe that these resorts and our own Phase II project will create a "cluster" effect in the Primorsky Krai IEZ, and further drive visitation flow to the region and our properties. The construction of these integrated resorts further validates the viability of our first-mover investment. The master plan for the IEZ and immediately surrounding areas include a water park, amusement park, golf courses, a ski area, a yacht club and other non-gaming amenities that will enhance the Primorsky Krai IEZ's attractiveness as a tourist destination.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2015 (2014: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 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 http://www.saholdings.com.hk under the "Corporate Governance" section.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code for dealing in the Company's securities by Directors and relevant employees who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. We have received confirmation from all Directors that they have complied with the required standards set out in the Code of Securities Dealings throughout the year 2015.

AUDIT COMMITTEE

The Company's audit committee is made up of three independent non-executive directors. The role of the audit committee is to (a) monitor external auditor's work, appointment and remuneration, (b) review the Group's financial statements and published reports, (c) provide advice and comments thereon to the Board and (d) 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 2015 with the directors.

The Group's annual results for the year ended 31 December 2015 have been reviewed by the audit committee and audited by the independent auditor of the Group, Messrs. Deloitte Touche Tohmatsu.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the Company's website (http://www.saholdings.com.hk) and the Stock Exchange's website (http://www.hkexnews.hk). The 2015 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

BOARD OF DIRECTORS

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

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, 18 March 2016