DORE HOLDINGS LIMITED
多金控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code : 628)

*For identification purpose only

Interim Report **2008**

CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors
Pun Yuen Sang
Yao Wai Kwok Daniel
(Appointed on 1 November 2008)
Tang Hin Keung, Alfred
(Resigned on 1 November 2008)
Lum Chor Wah, Richard
(Resigned on 14 November 2008)

Independent Non-executive Directors
Leung Chi Hung
Tsui Robert Che Kwong
Cheung Yim Kong, Johnny

QUALIFIED ACCOUNTANT & COMPANY SECRETARY
Leung Wai Man

AUDITORS
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

PRINCIPAL BANKERS
Hang Seng Bank
DBS Bank

SOLICITORS
As to Hong Kong Law
Michael Li & Co.

As to Bermuda Law
Conyers Dill & Pearman

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 2108
Two International Finance Centre
8 Finance Street
Central
Hong Kong

SHARE REGISTRARS
Principal Share Registrar and Transfer Office
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Hong Kong Branch Share Registrar and Transfer Office
Union Registrars Limited
Rooms 1901–02, Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

INVESTOR RELATIONS
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The board of directors (the "Board") of Dore Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 together with the comparative figures. The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 September 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000 (Restated)
Continuing operations			
Turnover	3	**195,620**	149,948
Cost of sales		**–**	–
Gross profit		**195,620**	149,948
Other revenue	4	**14**	4,161
Other income	5	**–**	200
Equity-settled share-based payments		**–**	(29,353)
Administrative expenses		**(8,552)**	(17,078)
Fair value changes on investment property		**(540)**	–
Fair value changes on financial assets at fair value through profit or loss		**(28,726)**	2,351
Loss on early redemption of convertible bonds		**(21,524)**	–
Loss on derecognition of derivative financial instruments		**(5,933)**	–
Fair value changes on derivative financial instruments		**(24,695)**	–
Impairment loss recognised in respect of intangible assets	11	**(882,041)**	–
Impairment loss recognised in respect of goodwill	12	**(153,216)**	–
Share of results of an associate		**–**	47,896
(Loss)/profit from operations	5	**(929,593)**	158,125
Finance costs	6	**(37,573)**	(21,108)
(Loss)/profit before taxation		**(967,166)**	137,017
Taxation	7	**8,830**	–
(Loss)/profit for the period from continuing operations		**(958,336)**	137,017
Discontinued operation			
Profit for the period from discontinued operation		**–**	973
(Loss)/profit for the period attributable to equity holders of the Company		**(958,336)**	137,990

	Notes	For the six months ended 30 September 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000 (Restated)
Dividends	8		
– Special dividend		**26,089**	–
– Proposed interim dividend		**–**	71,019
		26,089	71,019
(Loss)/earnings per share			
From continuing and discontinued operations			
– Basic and diluted	9	**HK(57.44)cents**	HK14.08cents
From continuing operations			
– Basic and diluted	9	**HK(57.44)cents**	HK13.98cents

The accompanying notes form an integral part of these financial statement.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 September 2008 (Unaudited) HK$'000	As at 31 March 2008 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**1,656**	1,899
Investment property	10	**10,220**	10,760
Intangible assets	11	**1,208,224**	1,922,029
Goodwill	12	**54,135**	153,216
		1,274,235	2,087,904
Current assets			
Accounts receivable	13	**25,203**	49,026
Deposits and other receivables		**108,336**	26,256
Financial assets at fair value through profit or loss	14	**51,303**	38,220
Derivative financial instruments	15	**8,023**	38,651
Cash and bank balances		**1,810**	55,007
		194,675	207,160
Less: Current liabilities			
Other payables and accruals		**48,046**	21,691
Dividends payable		**26,089**	–
Tax payable		**180**	180
		74,315	21,871
Net current assets		**120,360**	185,289
Total assets less current liabilities		**1,394,595**	2,273,193
Less: Non-current liabilities			
Promissory notes – due after one year	16	**503,324**	449,003
Convertible bonds – due after one year	17	**453,948**	612,123
Deferred tax liabilities	18	**18,170**	27,000
		975,442	1,088,126
Net assets		**419,153**	1,185,067
Capital and reserves			
Share capital	19	**173,926**	141,286
Reserves		**245,227**	1,043,781
Equity attributable to equity holders of the Company		**419,153**	1,185,067

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Reserves										
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Revaluation reserve HK$'000	Special reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total reserves HK$'000	Proposed dividend HK$'000	Total equity HK$'000
At 1 April 2007	87,800	288,022	2,696	134,233	85,889	–	–	–	(21,605)	489,235	17,911	594,946
Net profit for the period	–	–	–	–	–	–	–	–	137,990	137,990	–	137,990
Recognition of equity-settled share-based payment	–	–	–	–	–	29,353	–	–	–	29,353	–	29,353
Consideration shares	1,756	41,968	–	–	–	–	–	–	–	41,968	–	43,724
Equity component of convertible bonds	–	–	–	87,581	–	–	–	–	–	87,581	–	87,581
Deferred tax arising on issue of convertible bonds	–	–	–	(3,997)	–	–	–	–	–	(3,997)	–	(3,997)
Gain on fair value changes on intangible assets from acquisition of subsidiaries involved more than one exchange transaction	–	–	–	–	–	–	62,452	–	–	62,452	–	62,452
Issue of ordinary shares upon exercise of share options	6,720	156,898	–	–	–	(29,353)	–	–	–	127,545	–	134,265
Issue of ordinary shares	16,128	411,264	–	–	–	–	–	–	–	411,264	–	427,392
Share issue expenses	–	(6,876)	–	–	–	–	–	–	–	(6,876)	–	(6,876)
Dividend paid	–	–	–	–	–	–	–	–	(4,570)	(4,570)	(17,911)	(22,481)
Proposed dividend	–	–	–	–	–	–	–	–	(71,019)	(71,019)	71,019	–
At 30 September 2007	112,404	891,276	2,696	217,817	85,889	–	62,452	–	40,796	1,300,926	71,019	1,484,349
At 1 April 2008	141,286	1,387,403	2,696	404,347	85,889	15,465	63,089	–	(915,108)	1,043,781	–	1,185,067
Net loss for the period	–	–	–	–	–	–	–	–	(958,336)	(958,336)	–	(958,336)
Consideration shares (Note ii)	22,400	123,200	–	–	–	–	–	(2,240)	–	120,960	–	143,360
Share premium cancellation (Note i)	–	(1,387,403)	472,295	–	–	–	–	–	915,108	–	–	–
Conversion of convertible bonds into shares	10,240	167,185	–	(102,274)	–	–	–	–	–	64,911	–	75,151
Early redemption of convertible bonds	–	–	–	(40,359)	–	–	–	–	40,359	–	–	–
Special dividend payable	–	–	–	–	–	–	–	–	(26,089)	(26,089)	–	(26,089)
At 30 September 2008	**173,926**	**290,385**	**474,991**	**261,714**	**85,889**	**15,465**	**63,089**	**(2,240)**	**(944,066)**	**245,227**	**–**	**419,153**

Notes:

(i) During the period, the Company had passed a special resolution, the amount of HK$1,387,403,000, which represented the total amount standing to the credit of the share premium account of the Company as at 31 March 2008, be cancelled and the directors of the Company be and are hereby authorised to apply part of the credit arising from the share premium cancellation to eliminate in full the accumulated losses of the Company as at 31 March 2008 and the remaining balance of the credit arising therefrom be credited to the contributed surplus account of the Company.

(ii) The special reserve amounting to approximately HK$2,240,000 represents the difference between the fair value and the contracted value of the consideration shares paid for acquisition of subsidiary during the six months ended 30 September 2008.

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash generated from operating activities	**128,082**	52,851
Net cash used in investing activities	**(72,529)**	(420,334)
Net cash (used in)/generated from financing activities	**(108,750)**	545,530
Net (decrease)/increase in cash and cash equivalents	**(53,197)**	178,047
Cash and cash equivalents at the beginning of the period	**55,007**	101,512
Cash and cash equivalents at the end of the period	**1,810**	279,559
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**1,810**	279,559

The accompanying notes form an integral part of these financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2008

1. **Basis of Preparation**

   These unaudited condensed consolidated interim 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 (the "HKICPA") and the disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

2. **Principal Accounting Policies**

   The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except for certain financial assets, financial liabilities, derivative financial instruments and investment property which have been carried at fair value. The principal accounting policies and methods of computations used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the Group's annual financial statements for the year ended 31 March 2008.

   The applicable new Hong Kong Financial Reporting Standards ("HKFRSs") adopted in this interim financial report are set out below:

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets

   The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

		Effective for accounting period beginning on or after
HKFRSs (Amendments)	Improvements to HKFRSs	1 January 2009 (except the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009)
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK (IFRIC) – Int 13	Customer Loyalty Programmes	1 July 2008
HK (IFRIC) – Int 15	Agreements for the Construction of Real Estate	1 January 2009
HK (IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
HK (IFRIC) – Int 17	Distribution of Non-cash Assets to Owners	1 July 2009

The management is in the process of making an assessment of the impact of these new or revised standards, amendments or interpretations to existing standards. The directors of the Company so far have concluded that the application of these new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Turnover and Segment Information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating business are structured and managed separately, according to the nature of their operations and the products and services they provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the gaming and entertainment segment receives profit streams from gaming and entertainment related business; and

(b) the timber segment engages in the trading of timber logs and wooden door sets.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Business segmentation analysis is presented as shown below:

During the six months ended 30 September 2008 and 2007, the Group's entire turnover was derived from the gaming and entertainment segment which receives profit streams from gaming and entertainment related business and accordingly, no further detailed analysis of the Group's business segments is disclosed.

Geographical segmentation analysis is presented as shown below:

During the six months ended 30 September 2008 and 2007, the Group's entire turnover and assets were derived from operations in Macau and accordingly, no further detailed analysis of the Group's geographical segments is disclosed.

4. Other Revenue

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Other revenue		
Interest income	**14**	4,161

5. (Loss)/profit from Operations

The Group's (loss)/profit from operations is arrived at after charging:

	For the six months ended 30 September 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000
Depreciation	**243**	148
Equity-settled share-based payments	**–**	29,353

and after crediting:

Other income:		
Gain on disposal of property, plant and equipment	**–**	200

6. Finance Costs

	For the six months ended 30 September 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000
Effective interest on promissory notes not wholly repayable within five years	**17,828**	15,012
Effective interest on promissory notes wholly repayable within five years	**912**	–
Effective interest on convertible bonds not wholly repayable within five years	**18,833**	6,096
	37,573	21,108

7. Taxation

	For the six months ended 30 September 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000
Deferred taxation		
Convertible bonds	**8,741**	–
Revaluation of investment property	**89**	–
Tax credit for the period	**8,830**	–

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising from Hong Kong during the period. The Group is not subject to any tax in Macau.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong or had tax losses brought forward from prior years to set off assessable profits for the six months ended 30 September 2008 and 2007.

8. Dividends

On 16 September 2008, the directors declared the payment of a special dividend of HK1.5 cents per share. The special dividend was paid to shareholders on 5 November 2008.

The directors have not proposed any interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: interim dividend of HK1.5 cents per share in cash and HK4 cents per share in scrip).

9. (Loss)/Earnings Per Share

From continuing and discontinued operations

Basic (loss)/earnings per share

The calculation of the basic and diluted (loss)/earnings per share attributable to the equity holders of the Company is based on the following data:

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss)/earnings		
(Loss)/profits for the period attributable to the equity holders of the Company for the purpose of basic and diluted (loss)/earnings per share	**(958,336)**	137,990
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**1,668,326**	979,969

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share from both continuing and discontinued operations for the six months ended 30 September 2008 and 2007 were the same as the basic (loss)/earnings per share. The Company's outstanding convertible bonds and share options were not included in the calculation of diluted (loss)/earnings per share from both continuing and discontinued operations because the effect of the Company's outstanding convertible bonds and share options were anti-dilutive.

From continuing operations

Basic (loss)/earnings per share

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss)/earnings figures are calculated as follows:		
(Loss)/profit for the period attributable to the equity holders of the Company	**(958,336)**	137,990
Less: Profit for the period from discontinued operation	**–**	973
(Loss)/profit for the purpose of basic and diluted (loss)/earnings per share from continuing operations	**(958,336)**	137,017

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share from continuing operations for the six months ended 30 September 2008 and 2007 were the same as the basic (loss)/earnings per share. The Company's outstanding convertible bonds and share options were not included in the calculation of diluted (loss)/earnings per share from continuing operations because the effect of the Company's outstanding convertible bonds and share options were anti-dilutive.

From discontinued operation

Basic (loss)/earnings per share

Basic (loss)/earnings per share for the discontinued operation is HK$ Nil (2007: HK0.1cents per share) based on the profit for the period from discontinued operation of HK$ Nil (2007: HK$973,000) and the denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share from discontinued operation for the six months ended 30 September 2008 and 2007 were the same as the basic (loss)/earnings per share. The Company's outstanding convertible bonds and share options were not included in the calculation of diluted (loss)/earnings per share from discontinued operation because the effect of the Company's outstanding convertible bonds and share options were anti-dilutive.

10. Investment Property

	HK$'000
Fair value	
At 1 April 2008	10,760
Fair value changes	(540)
At 30 September 2008	**10,220**

The fair value of the Group's investment property at 30 September 2008 has been arrived at on the basis of a valuation carried out on that date by Messrs. Grant Sherman Appraisal Limited ("Grant Sherman"), independent qualified professional valuers not connected with the Group. Grant Sherman are members of the Hong Kong Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The investment property is situated in Hong Kong under long-term lease.

The investment property is held for capital appreciation. No rental income was recognised during the six months ended 30 September 2008.

11. Intangible Assets

	Rights in sharing of profit streams HK$'000
Cost	
At 1 April 2008	2,700,307
Addition on acquisition of a subsidiary	168,236
At 30 September 2008	2,868,543
Accumulated impairment	
At 1 April 2008	778,278
Impairment loss recognised for the period	882,041
At 30 September 2008	1,660,319
Carrying amount	
At 30 September 2008 (Unaudited)	**1,208,224**
At 31 March 2008 (Audited)	1,922,029

Details of intangible assets are as follows:

	Sands Profit Agreement HK$'000	Dore Profit Agreement HK$'000	Nove Profit Agreement HK$'000	Joli Profit Agreement HK$'000	Total HK$'000
At 1 April 2008	590,464	614,565	717,000	–	1,922,029
Addition on acquisition of a subsidiary	–	–	–	168,236	168,236
Impairment loss recognised for the period	(307,808)	(320,371)	(253,862)	–	(882,041)
At 30 September 2008	**282,656**	**294,194**	**463,138**	**168,236**	**1,208,224**

The intangible assets represent the rights in sharing of profit streams from junket business at the casinos' VIP rooms in Macau for an indefinite period of time. Such intangible assets are carried at cost less accumulated impairment loss.

Impairment loss in respect of intangible assets of approximately HK$882,041,000 was recognised during the six months ended 30 September 2008 (at 31 March 2008: HK$778,278,000) by reference to the valuation report issued by Grant Sherman, at 30 September 2008 which valued the intangible assets on discounted cash flow method. The main factor contributing to the impairment was the turnover generated from the Sands Profit Agreement, Dore Profit Agreement and Nove Profit Agreement did not turnout as expected.

12. Goodwill

	HK$'000
Cost	
At 1 April 2008	372,156
Addition arising from acquisition of a subsidiary	54,135
At 30 September 2008	426,291
Accumulated impairment	
At 1 April 2008	218,940
Impairment loss recognised for the period	153,216
At 30 September 2008	372,156
Carrying amount	
At 30 September 2008 (Unaudited)	**54,135**
At 31 March 2008 (Audited)	153,216

As explained in Note 3 to the unaudited condensed consolidated interim financial statements, the Group uses business segments as its primary segment for reporting segment information. For the purpose of impairment testing, goodwill with indefinite useful lives have been allocated to one individual cash generating unit (CGU) determined based on the related segment. The carrying amount of goodwill (net of impairment losses) at 30 September 2008 allocated to this unit is as follows:

	As at 30 September 2008 (Unaudited) HK$'000	As at 31 March 2008 (Audited) HK$'000
Gaming and entertainment unit	**54,135**	153,216

During the six months ended 30 September 2008, the management assessed the recoverable amount of goodwill, and determined the goodwill associated with the acquisition of Worth Perfect International Limited ("Worth Perfect") was impaired by approximately HK$153,216,000 (at 31 March 2008: HK$210,404,000). The main factor contributing to the impairment of goodwill was the profit generated from Sands Profit Agreement and Dore Profit Agreement did not turnout as expected.

The recoverable amount of the gaming and entertainment CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 19.47%.

The recoverable amount of the above CGU has been determined on the basis of value in use calculations. The recoverable amount is based on certain similar key assumptions. All value in use calculations use cash flow projections based on the financial budgets approved by the management covering a five-year period, which represents the management's best estimate future cash flow from the CGU, and a discount rate of approximately 19.47% (at 31 March 2008: 18.87%). The cash flows beyond five-years period are extrapolated using a zero growth rate for an indefinite period. Another key assumption is the budgeted revenue, which is determined based on the CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of the CGU.

13. Accounts Receivable

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days. The Group receives the profit streams from its acquiree companies within 15 days of the subsequent month. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed by senior management regularly.

An aged analysis of the Group's accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	As at 30 September 2008 (Unaudited) HK$'000	As at 31 March 2008 (Audited) HK$'000
Within 30 days	**25,203**	49,026

Included in the Group's accounts receivable balance, no debtors are past due at the date of approval of these unaudited condensed consolidated financial statements (at 31 March 2008: Nil). The Group does not hold any collateral over these balances.

14. Financial Assets at Fair Value through Profit or Loss

	As at 30 September 2008 (Unaudited) HK$'000	As at 31 March 2008 (Audited) HK$'000
Financial assets at fair value through profit or loss comprise:		
Held for trading:		
– Equity securities listed in Hong Kong	**51,303**	38,220

The fair values of the listed equity securities are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

15. Derivative Financial Instruments

	HK$'000
Assets	
Redemption option derivatives embedded in convertible bonds	
At 1 April 2008	38,651
Early redemption of convertible bonds	(5,933)
Fair values changes	(24,695)
At 30 September 2008	8,023

Pursuant to the agreements in relation to the issuance of three convertible bonds, redemption options are held by the Company. The Company may at any time from the date of issue of the convertible bonds up to the date immediately before the maturity date of the convertible bonds, redeem the convertible bonds (in whole or in part) at the principal amount of the convertible bonds to be redeemed.

The redemption option derivatives are carried at fair values at the balance sheet date. The fair value of the redemption option derivatives embedded in the convertible bonds is approximately HK$8,023,000 (at 31 March 2008: HK$38,651,000) and are calculated using the Binomial option pricing model. During the six months ended, part of Third Convertible Bond amounting to HK$108,750,000 was early redeemed by the Company and amount of approximately HK$5,933,000 was charged to the condensed consolidated income statement. Details of the variables and assumptions of the model are as follows:

	Second Convertible Bond	**Third Convertible Bond**	**Fourth Convertible Bond**
Date of issue:	11 June 2007	10 December 2007	18 December 2007
Share price at date of issue:	HK$2.451	HK$2.15	HK$1.78
Remaining life at 30 September 2008:	8.7 years	9.2 years	9.2 years
Risk free interest rate:	2.834%	2.860%	2.860%
Expected volatility:	108.04%	108.04%	108.04%

16. Promissory Notes – Due after One Year

On 4 January 2007, the Company issued First Promissory Note I in a principal amount of HK$61,600,000, First Promissory Note II in a principal amount of HK$183,000,000 and Second Promissory Note in a principal amount of HK$160,000,000 due on 3 January 2017. First Promissory Note I and First Promissory Note II (the "First Promissory Notes") were issued for acquiring the entire issued share capital of Youngrich Limited ("Youngrich") and bear interest at 5% per annum in arrears. Second Promissory Note was issued to a then substantial shareholder of the Company to finance the acquisition of the entire issued share capital of Youngrich and is interest-free. The effective interest rate is 7.7%.

On 11 June 2007, the Company issued Third Promissory Note I in a principal amount of HK$129,421,000 and Third Promissory Note II in a principal amount of HK$70,579,000 due on 10 June 2017. Third Promissory Note I and Third Promissory Note II (the "Third Promissory Notes") were issued for acquiring the entire issued share capital of Richsense Limited ("Richsense") and bear interest at 5% per annum in arrears. The effective interest rate is 8.0%.

On 20 May 2008, the Company issued Fourth Promissory Note in a principal amount of HK$48,000,000 due on 19 May 2013. Fourth Promissory Note was issued for acquiring the entire issued share capital of Leading Century International Limited ("Leading Century") and bear interest at 5% per annum, payable quarterly in arrears. The effective interest rate is 5.25%.

Pursuant to the share acquisition agreements in relation to the issuance of promissory notes, the Company has the right to early redeem the promissory notes. The Company may at any time from the date of issue of the promissory notes up to the date immediately before the maturity date of the promissory notes, redeem the promissory notes (in whole or in part) at the principal amount of the promissory notes to be redeemed. In the opinion of the directors, the Company would not call for early redemption of promissory notes and the fair value of redemption option derivatives are minimal.

	First Promissory Notes	**Second Promissory Note**	**Third Promissory Notes**	**Fourth Promissory Note**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008	199,545	81,560	167,898	–	449,003
Fair value of promissory notes	–	–	–	47,484	47,484
Interest expenses charged	7,950	3,221	6,657	912	18,740
Interest expenses payable	(6,017)	–	(5,008)	(878)	(11,903)
At 30 September 2008	**201,478**	**84,781**	**169,547**	**47,518**	**503,324**

17. Convertible Bonds – Due after One Year

On 4 January 2007, the Company issued First Convertible Bond due on 3 January 2017 with a principal amount of HK$134,400,000, which is interest-bearing at 5% per annum in arrears. The First Convertible Bond due on 3 January 2017 is convertible into fully paid ordinary shares with a par value of HK$0.1 each of the Company at an initial conversion price of HK$1 per share, subject to adjustment. The First Convertible Bond was issued as part of the consideration for the acquisition of entire issued share capital of Youngrich. The effective interest rate is 7.7%. On 1 April 2008 and 30 May 2008, parts of First Convertible Bond amounting to HK$82,400,000 and HK$20,000,000 respectively have been converted into the Company's ordinary shares. Please refer to Note 19 for details.

On 11 June 2007, the Company issued Second Convertible Bond with a principal amount of HK$118,800,000, which is interest-bearing at 5% per annum in arrears. The Second Convertible Bond due on 10 June 2017 is convertible into fully paid ordinary shares with a par value of HK$0.1 each of the Company at an initial conversion price of HK$2.2 per share, subject to adjustment. The Second Convertible Bond was issued as part of the consideration for the acquisition of the entire issued share capital of Richsense. The effective interest rate is 8.0%.

On 10 December 2007, the Company issued Third Convertible Bond with a principal amount of HK$270,000,000, which is interest-bearing at 5% per annum in arrears. The Third Convertible Bond due on 9 December 2017 is convertible into fully paid ordinary shares with a par value of HK$0.1 each of the Company at an initial conversion price of HK$3.2 per share, subject to adjustment. The Third Convertible Bond was issued as part of the consideration for the acquisition of 60% of the total issued share capital of Triple Gain Group Limited ("Triple Gain"). The effective interest rate is 8.0%. On 2 April 2008, part of Third Convertible Bond amounting to HK$108,750,000 was early redeemed by the Company.

On 18 December 2007, the Company issued Fourth Convertible Bond with a principal amount of HK$252,000,000, which is interest-bearing at 5% per annum in arrears. The Fourth Convertible Bond due on 17 December 2017 is convertible into fully paid ordinary shares with a par value of HK$0.1 each of the Company at an initial conversion price of HK$3.2 per share, subject to adjustment. The Fourth Convertible Bond was issued as part of the consideration for the acquisition of the remaining 40% of the total issued share capital of Triple Gain. The effective interest rate is 8.0%.

The convertible bonds contain liability and equity components and redemption option. The equity component is presented in equity heading "convertible bonds reserve" and the redemption option is presented in current assets heading "derivative financial instruments". The effective interest rate of the liability component is 8%.

The estimate of the fair value of the liability component embedded in the convertible bond is measured using Binomial option pricing model.

	First Convertible Bond HK$'000	Second Convertible Bond HK$'000	Third Convertible Bond HK$'000	Fourth Convertible Bond HK$'000	Total HK$'000
At 1April 2008	98,492	91,376	216,561	205,694	612,123
Conversion of convertible bonds into shares	(75,151)	–	–	–	(75,151)
Early redemption of convertible bonds	–	–	(87,226)	–	(87,226)
Interest expenses charged	1,547	3,920	5,264	8,102	18,833
Interest expenses payable	(1,108)	(3,020)	(4,098)	(6,405)	(14,631)
At 30 September 2008	**23,780**	**92,276**	**130,501**	**207,391**	**453,948**

18. Deferred Tax Liabilities

	Convertible bonds HK$'000	Revaluation of investment property HK$'000	Total HK$'000
At 1 April 2008	26,908	92	27,000
Credited to consolidated income statement for the period	(8,741)	(89)	(8,830)
At 30 September 2008	**18,167**	**3**	**18,170**

19. Share Capital

	Number of ordinary shares '000	Share capital HK$'000
Authorised:		
At 1 April 2008 and 30 September 2008		
ordinary shares of HK$0.1 each	**2,000,000**	**200,000**
Issued and fully paid:		
At 1 April 2008		
ordinary shares of HK$0.1 each	1,412,855	141,286
Consideration shares (note i)	224,000	22,400
Conversion of convertible bonds (note ii)	102,400	10,240
At 30 September 2008		
ordinary shares of HK$0.1 each	**1,739,255**	**173,926**

Notes:

(i) On 5 May 2008, Team Jade Enterprises Limited ("Team Jade"), a wholly owned subsidiary of the Company entered into a conditional sale and purchase agreement to acquire the entire issued share capital of Leading Century. The acquisition was completed on 20 May 2008. The consideration for the acquisition was satisfied by (i) HK$30,720,000 in cash; (ii) the issue of promissory note in a principal amount of HK$48,000,000; and (iii) issue 224,000,000 ordinary shares at an issue price of HK$0.65 per share for the rest of the consideration in sum of HK$145,600,000. For further details, please refer to the Company's circular dated on 27 May 2008.

(ii) On 1 April 2008, 82,400,000 ordinary shares of HK$0.1 each were issued by the Company as a result of the exercise of the conversion rights attached to the First Convertible Bond of an aggregate principal amount of HK$82,400,000 issued by the Company on 4 January 2007 at a conversion price of HK$1 each.

On 30 May 2008, 20,000,000 ordinary shares of HK$0.1 each were issued by the Company as a result of the exercise of the conversion rights attached to the First Convertible Bond of an aggregate principal amount of HK$20,000,000 issued by the Company on 4 January 2007 at a conversion price of HK$1 each.

20. Acquisition of a Subsidiary

On 20 May 2008, Team Jade acquired the entire issued share capital of Leading Century from Multi Fit Investments Limited ("Multi Fit"). The main asset of Leading Century is the Joli Profit Agreement which shares 0.04% of the rolling turnover generated by Joli Entretenimento Sociedade Unipessoal Limitada ("Joli"). The consideration for the acquisition was approximately HK$222,366,000 which represented the cash paid, the fair value of promissory notes and consideration shares at the date of acquisition. The amount of goodwill arising as a result of the acquisition was approximately HK$54,135,000.

	Acquiree's carrying amount HK$'000	**Fair value adjustment** HK$'000	**Fair values** HK$'000
Net assets acquired:			
Rights in sharing of profit streams	**–**	**168,236**	**168,236**
Other payables	**(5)**	**–**	**(5)**
100% equity interest of Leading Century	**(5)**	**168,236**	**168,231**
Goodwill			**54,135**
			222,366

	HK$'000
Total consideration satisfied by:	
Cash consideration	**30,720**
Fair value of promissory notes	**47,484**
Fair value of consideration shares	**143,360**
Acquisition related costs	**802**
	222,366
Net cash outflow arising on acquisition:	
Cash consideration	**(30,720)**

Notes:

(i) The contracted value of the acquisition was HK$224,320,000 and the difference between the fair value and the contracted value of consideration paid was approximately HK$1,954,000.

(ii) The fair value of the consideration shares determined based on the quoted closing price of the Company's share of HK$0.64 at the date of acquisition and 224,000,000 shares.

(iii) Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Leading Century. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Leading Century. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

(iv) During the six months ended 30 September 2008, Leading Century contributed approximately HK$15,172,000 to the Group's turnover and profit for the period from the date of acquisition to the balance sheet date.

(v) If the acquisition has been completed on 1 April 2008, Leading Century would contribute approximately HK$15,172,000 to the Group.

21. Operating Lease Arrangements

The Group leases its office properties under operating lease arrangements. Leases for the properties are negotiated for terms of three years.

At the balance sheet date, the Group had total future minimum lease payables under non-cancellable operating leases falling due as follows:

	As at 30 September 2008 (Unaudited) HK$'000	As at 31 March 2008 (Audited) HK$'000
Within one year	**640**	1,006
In the second to fifth years inclusive	**–**	91
	640	1,097

22. Commitments

Except for the capital commitments to be paid for acquisitions of East & West International Inc. ("East & West") and Pacific Force Inc. ("Pacific Force") as stated in Note 24, the Group and the Company did not have any significant capital commitments as at 30 September 2008 (at 31 March 2008: Nil).

23. Contingent Liabilities

As at 30 September 2008, the Group did not have any significant contingent liabilities (at 31 March 2008: Nil).

24. Subsequent Events

(a) On 24 June 2008, Team Jade entered into a share acquisition agreement to acquire the entire issued share capital of East & West as to 70% from Multi Fit and as to 30% from Pacific Rainbow Holdings Limited ("Pacific Rainbow") for a total consideration of HK$1,794,560,000. The main asset of East & West is the "Joli Profit Agreement 2" which shares 0.32% of the rolling turnover generated by Joli. Under the share acquisition agreement, the consideration shall be settled by Team Jade (i) as to HK$500,000,000 in cash; (ii) as to HK$1,294,560,000 by issuance of convertible bonds. Please refer to the Company's circular dated 3 October 2008 for details.

The acquisition was completed on 6 November 2008. The fair value of the intangible asset for sharing of profit streams is still under the progress of valuation by independent qualified professional valuers. It is therefore considered that it is not practicable to disclose the fair value of the intangible asset for recognition in the unaudited condensed consolidated interim financial statements and also any goodwill or excess to be recognised.

(b) On 24 June 2008, Team Jade entered into a share acquisition agreement to acquire the entire issued share capital of Pacific Force from Pacific Rainbow for a total consideration of HK$224,320,000. The main asset of Pacific Force is the "Joli Profit Agreement 3" which shares 0.04% of the rolling turnover generated by Joli. Under the share acquisition agreement, the consideration shall be settled by Team Jade (i) as to HK$37,329,725 by procuring the Company to allot and issue 81,151,576 consideration shares to Pacific Rainbow at an issue price of HK$0.46 per share; (ii) as to HK$186,990,275 by issuance of convertible bonds. Please refer to the Company's circular dated 3 October 2008 for details.

The acquisition was completed on 6 November 2008. The fair value of the intangible asset for sharing of profit streams is still under the progress of valuation by independent qualified professional valuers. It is therefore considered that it is not practicable to disclose the fair value of the intangible asset for recognition in the unaudited condensed consolidated interim financial statements and also any goodwill or excess to be recognised.

(c) On 18 November 2008, the Company proposed that every ten issued and unissued ordinary shares of HK$0.10 each in the share capital of the Company be consolidated into one share of HK$1.00 each. The Company also proposed to raise approximately HK$109,552,738 before expenses, by way of open offer of 109,552,738 offer shares at a price of HK$1.00 per offer share on the basis of one offer share for every two consolidated shares. The share consolidation was approved, pursuant to a resolution passed in the extraordinary general meeting held on 18 December 2008. Please refer to the Company's circular dated 18 November 2008 for details.

25. Related Parties Transactions

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the six months ended 30 September 2008 and 2007, the Group had entered into the following transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business.

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employee are as follows:

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Salaries and allowance	**2,340**	5,850
Pension scheme contributions	**30**	55
	2,370	5,905

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The first half of the fiscal 2008/09 is full of challenge via a mixture of intensive competition among junkets and external slowing global economy and continued financial market instability. During the first part of the first half, the competition amongst junkets has pushed the commission being paid to the agents/sub-agents to a record high; thereby, eaten up the fair share of profit that the junkets should deserve. While this competition has been relieved somewhat following the evolving of junkets to circa five super junkets model, the performance of junkets have been affected by the various external factors, including but not limiting to, the downturn in the worldwide economic environment (the financial tsunami), both in terms of magnitude and pace, the visa restriction imposed by the People's Republic of China (the "PRC") government in terms of the frequency in travelling to Hong Kong/ Macau and the incompatibility of Hong Kong visa in visiting Macau. In fact, the hot topic of junket commission cap has been out of discussion during the last few months and it seems that the same would not be touched on for one reason or the other.

Apart from the fact that overall economic climate is not favourable for Macau, the VIP business are further affected via the inability to repay the loans by a number of customers either to junkets or to casino direct. As such, the liquidity of junkets are further tightened and this results in a poverty cycle of lowering further the VIP gaming business. In fact, following a peak of rolling turnover during May 2008, there is a general drop in rolling turnover generated by VIPs during the second part of the first half and a further drop during the preceding months, both on the month to month and the year to year basis.

Nonetheless, the impact varies at different concession holders and casinos due to the difference in segment of customers targeted and the quality of facilities/services provided by the respective hotel/casino.

Even though our business partners are targeting the prudent businessmen and operating at a sector generally different from the majority which relies heavily on the PRC, the Group is of no exception to the rule and business has been affected. This is due more to the indirect effect – the customers want to focus more on their business to survive through this financial crisis and in certain cases, their operation may be affected as to different magnitude by the failure of some of their customers and the general belief of "cash is king"; hence, would like to preserve more cash on hand rather than spending.

Irrespective the overall performance of the Group is cushioned by

(1) the diversified customers base of the Group's business partners and the synergy effect created therein;

(2) the profit guarantee provided by our business partners during the acquisitions; and

(3) the vision in anticipating the potential impact by conducting additional acquisitions during May 2008 and the balance share of profit stream of the operation of Joli Entretenimento Sociedade Unipessoal Limitada (the "Joli"), another junket at Wynn, Macau during November 2008; thereby, broaden further the customers base and diversify the risk of over-reliance on a particular business partner.

Financial Review

For the half year ended 30 September 2008, the Group was engaged in two business streams: (i) gaming and entertainment sector; and (ii) trading sector. To capitalise on the strong foundation established and in view of the uncertainty in collection of receivables derived from the trading operation, the Group would continue focus on the highly profitable gaming and entertainment business in the years to come while still keep an eye in chasing after profitable and safe trading business.

The revenue of the Group for the first half amounted to HK$195.62 million, representing a 30.46% increase over the corresponding figure of HK$149.95 million in 2007. The Group's revenue was significantly higher than that of last year even though the Macau gaming sector did not perform that way reflecting the right strategy of the Group in conducting aggressive acquisitions.

Administrative expenses amounted to HK$8.55 million for the six months ended 30 September 2008, an 49.92% decrease from HK$17.08 million for the same period last year. The decrease was mainly attributable to the relevant legal and professional expenses on acquisitions and the tight cost control on expenses relating to the promotion, traveling and publicity role associated with the Company's shares.

For the six months ended 30 September 2008, finance costs amounted to HK$37.57 million, increased as compared to HK$21.11 million for the same period last year. The increase was attributable to the interest arisen as a result of the convertible bonds and the promissory notes issued for the acquisition of several subsidiaries. Apart from these, the Group had no other debt. If these are excluded, the Group would have a net cash position and a bank interest income of HK$0.01 million has been recorded.

During the half year ended 30 September 2008, the Group posted an impairment loss of recognised in respect of intangible assets of HK$882.04 million. As there is a general drop in rolling turnover generated by VIPs during the period under review and the inability to achieve the sales forecast by our business partners, the Group recognised impairment losses in respect of the Sands Profit Agreement, the Dore Profit Agreement and the Nove Profit Agreement of HK$307.81 million, HK$320.37 million and HK$253.86 million respectively.

At 30 September 2008, the directors reassessed the recoverable amounts of goodwill and determined the goodwill associated with the acquisition of Worth Perfect International Limited ("Worth Perfect") was impaired by HK$153.22 million, in light of its abilities to achieve the profit guarantees during the period under review.

The contribution of profit streams from our business partners, nonetheless, resulted in a net loss position of HK$958.34 million, as compared to a net profit of HK$137.99 million for 2007. Similar to the annual results of 2007/08, the net loss was a result of non-cash impairment – a net profit before non-cash impairments etc. provision of HK$195.91 million is a better reflection of the Group's actual operation results. The loss in the interim report is mainly a result of the impairment losses due to the inability to achieve the sales forecast and the downturn in Macau gaming sector.

The six months ended 30 September 2008:

	HK$'000
Net loss per interim report	(958,336)
Add: Non-cash items	
Fair value changes on investment property	540
Fair value changes on financial assets at fair value through profit or loss	28,726
Loss on early redemption of convertible bonds	21,524
Loss on derecognition of derivative financial instruments	5,933
Fair value changes in derivative financial instruments	24,695
Impairment of intangible assets	882,041
Impairment of goodwill	153,216
Notional interest cost convertible bonds and promissory notes	37,573
Profit after striping out non-cash item	**195,912**

Basic and diluted loss per share for the six month period were HK57.44 cents (2007: basic and diluted earnings per share of HK14.08 cents).

Liquidity and Financial Resources

During the six months ended 30 September 2008, the Group funded its operation through a combination of equity financing and debt financing, including issuance of new shares, contribution from its investee companies, issuance of promissory notes and convertible bonds. Equity attributable to equity holders of the Company at 30 September 2008 amounted to HK$419.15 million.

At 30 September 2008, the cash and cash equivalents of the Group amounted to approximately HK$1.81 million and the Group's current ratio was 2.62 (at 31 March 2008: 9.47, at 30 September 2007: 972.28).

At 30 September 2008, the total liabilities of the Group amounted to HK$1,049.76 million, representing the convertible bonds and promissory notes issued for acquiring several subsidiaries. The Group's gearing ratio as at 30 September 2008, expressed as a percentage of total borrowings over total equity was 250.45% (at 30 September 2007: 43.67%).

Capital Structure

During the six months ended 30 September 2008, the Company issued:

(i) 82,400,000 new shares in April 2008, being the issue of new shares upon the exercise of the conversion rights attached to the first convertible bond;

(ii) 224,000,000 new shares in May 2008, being the issue of consideration shares for the acquisition of the 100% interest in Leading Century; and

(iii) 20,000,000 new shares in May 2008, being the issue of new shares upon the exercise of the conversion rights attached to the first convertible bond.

Borrowings

At 30 September 2008, the Group's borrowings in promissory notes amounted to HK$503.32 million (at 31 March 2008: HK$449.00 million) and in convertible notes amounted to HK$453.95 million (at 31 March 2008: HK$612.12 million) of which are all repayable after one year.

Finance costs for the six months ended 30 September 2008 amounted to HK$37.57 million, (HK$21.11 million for the six months ended 30 September 2007), an increase of HK$16.46 million as compared with corresponding period in 2007.

Charges on Group Assets

At 30 September 2008, none of the Group's assets was pledged to any financial institution for facilities (at 30 September 2007: Nil).

Contingent Liabilities

At 30 September 2008, the Group had no contingent liabilities (at 30 September 2007: Nil).

Foreign Exchange Exposure

The Group continues to adopt a conservative treasury policy with all bank deposits in Hong Kong dollars, keeping a minimum exposure to foreign exchange risks. As a majority of the inflow and outflow is denominated in Hong Kong dollars, the Group has not adopted any hedging policy or entered into any derivative products which are considered not necessary for the Group's treasury management activities.

Material acquisitions and disposals of subsidiaries

Details of acquisition of subsidiary of the Group for the six months ended 30 September 2008 are set out in Note 20 to the unaudited condensed consolidated financial statements.

During the six months ended 30 September 2008, the Group does not have any material disposals of subsidiaries.

Employees

Similar to the past, the Group has adopted the need only approach in recruiting employees. As at 30 September 2008, the Group has a total of 8 staff, represented by 3 executive directors, 3 general managers, 1 qualified accountant and 1 account officer. The 3 general managers are respectively Mr. Sam Tang, Mr. J. Scolari and Mr. Chen Yi-ming who are the owners of the respective junkets at Sands Macao, Wynn, Macau and Venetian Macau respectively and they are responsible for overseeing the business volume and progress of Worth Perfect and Triple Gain and monitoring the development of Macau gaming industry which are relevant and crucial to the continuous success of the Group. On the other hand, they would not be appointed directors of the Company nor carry out any other supervisory role.

Total staff costs, including directors' remuneration amounted to HK$3.1 million (2007: HK$5.9 million). The decrease is due to nil equity-settled share-based payments to be recorded relating to the share options to be granted in the six months ended 30 September 2008.

The objective of the Group's remuneration policy is to attract, motivate and retain talented employees or consultants to achieve the Group's long-term corporate goals and objectives. In order to achieve this, the Group has committed to remunerating its employees and consultants in the manner that is market competitive, consistent with good industry practices as well as meeting the interests of shareholders. The remuneration policy and packages of the Group's employees and consultants are regularly reviewed by the Board. Apart from fixed compensation which is normally reviewed on an annual basis based on performance and other relevant factors, provident fund scheme, medical insurance and discretionary bonuses, share options are also granted to employees and consultants according to the assessment of individual performance with reference to the value of share option, market positioning, job security and the individual contribution to the Group. As the Group sees the staff as the most valuable asset, the Group has committed to the development and growth of all employees and considered training and development a life-long process. Appropriate courses would be offered to suitable candidates.

Prospects

Looking ahead, the two sides of the future are, on one hand, with the overall worldwide economic recession that

(a) induce our customers to place more emphasis on their existing business to ensure a continuous success; hence, lengthen the duration of timing for re-visit Macau,

(b) cause the delay in the construction of additional resort facilities, i.e. the one by Las Vegas Sands and the one by Galaxy Group; hence, prolong the timing required to attract segment of new customers; and

(c) affect the economy of the mainland China and to ensure a GNP growth of at least eight percent for the coming year, the loosening of visa restriction seems not immediate; hence, decrease the frequency of China residents, no matter there are under the individual travel scheme or under the multiple business visa, and the fact that even with the downturn in gaming revenue during the last few months, the gaming revenue of Macau SAR is still the largest in the world, the gaming revenue sum is to the satisfaction of the government of the Macau SAR and that there would be a change of chief executive for the Macau SAR during 2009, the chance of jumping back of substantial growth is remote in 2008 and at least in the first half of 2009.

This is well evidenced in the revising of the strategy or target of the Group's co-players in the sector, i.e. other junkets, to half of the original target as evidenced in their market or published figures or report.

On the other hand, the Group has positioned itself to accept this challenge based on the fact that

(a) our business partners' customers base are more business orientated; hence, not affected by the visa restriction issue;

(b) our business partners have the more diversified customer base from different countries in the Asia/Pacific;

(c) the Group has lately completed the acquisition of the profit stream of Joli, the largest junket at Wynn, Macau, thereby, broaden further its revenue stream (and diversify the risk);

(d) the Group has its principal source of income from two prominent junkets at Wynn, Macau, the best hotel/casino at Macau, supported by profit stream from another two junkets, one of which at Sands Macao and the other at the Venetian Macao respectively, both the which are amongst the best resorts at Macau;

(e) the profit guarantee provided by our business partners mentioned above; and

(f) the strong financial position of the Group especially after the proposed right issue exercise which ensures the Group with the financial ability to weather through the winter, irrespective how long it would be.

The Group has by May 2008 completed the acquisition of Leading Century International Limited which holds 0.04% of the profit stream of Joli and by November 2008 completed the acquisition of East & West and Pacific Force which in aggregate hold the balance 0.36% of the profit stream of Joli via payment of cash, consideration shares and convertible bonds. Details of the acquisitions are:

(a) On 24 June 2008, Team Jade entered into a share acquisition agreement to acquire the entire issued share capital of East & West as to 70% from Multi Fit Investments Limited ("Multi Fit") and as to 30% from Pacific Rainbow Holdings Limited ("Pacific Rainbow") for a total consideration of HK$1,794,560,000. The main asset of East & West is the "Joli Profit Agreement 2" which shares 0.32% of the rolling turnover generated by Joli. Under the share acquisition agreement, the consideration shall be settled by Team Jade (i) as to HK$500,000,000 in cash; (ii) as to HK$1,294,560,000 by issuance of convertible bonds. Please refer to the Company's circular dated 3 October 2008 for details.

The acquisition was completed on 6 November 2008. The fair value of the intangible asset for sharing of profit streams is still under the progress of valuation by independent qualified professional valuers. It is therefore considered that it is not practicable to disclose the fair value of the intangible asset for recognition in the unaudited condensed consolidated financial interim statements and also any goodwill or excess to be recognised.

(b) On 24 June 2008, Team Jade entered into a share acquisition agreement to acquire the entire issued share capital of Pacific Force from Pacific Rainbow for a total consideration of HK$224,320,000. The main asset of Pacific Force is the "Joli Profit Agreement 3" which shares 0.04% of the rolling turnover generated by Joli. Under the share acquisition agreement, the consideration shall be settled by Team Jade (i) as to approximately HK$37,330,000 by procuring the Company to allot and issue 81,151,576 consideration shares to Pacific Rainbow at an issue price of HK$0.46 per share; (ii) as to approximately HK$186,990,000 by issuance of convertible bonds. Please refer to the Company's circular dated 3 October 2008 for details.

The acquisition was completed on 6 November 2008. The fair value of the intangible asset for sharing of profit streams is still under the progress of valuation by independent qualified professional valuers. It is therefore considered that it is not practicable to disclose the fair value of the intangible asset for recognition in the unaudited condensed consolidated interim financial statements and also any goodwill or excess to be recognised.

As a result, there is a further increase in the amount of profit "guarantee" on hand by circa HK$576 million per annum or to circa HK$1 billion per annum by adding the four profit guarantees from the four business partners together.

To survive through the long winter, the Board has to adopt again the prudent policy of not paying any dividend until a clearer picture about the future of the Macau can be formulated. This painful move is to cause a success to survive and to remain competitive for interesting opportunities which the Board anticipates would appear on and off due to the tight liquidity of certain concession holders or junkets or the like.

Meanwhile, the Group would remain focus on continuing to improve operational efficiencies. The Board would also commit to further improving and enhancing the product offering to ensure that the products remain highly competitive and a preferred property of choice for the Group's junkets' partners' customers.

This being said, the Group is still conservatively optimistic about the future prospect of Macau as it is still the only legitimacy gaming city in China, the unique edge vis-à-vis the other locations in the Asia/Pacific region in terms of geographic proximity, the variety of choice, the excellence in products etc.

Hence, as a commitment to our shareholders and employees, the Group would remain alert at all times in identifying suitable projects and/or investments that would be reasonably expected to generate profits and/or have potential for capital appreciation. As such, material capital expenditure may be incurred when the Group continues to pursue different projects that are beneficial to the Group in its short, medium and long term growth strategy in the coming years. Though the Group expect the respective projects to secure required funding themselves using different financing options available, it would be difficult in the current market sentiment. Hence, the Board presumes that the short term financing of these potential acquisitions, if any, would basically be from internal cash on hand. The Board would not preclude possibility of justified investment that would ensure the continuous success of the Group in particular when the price is reasonable.

The Board, hence, remains optimistic on the medium and long term growth potential of China and the Asia-Pacific region.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

Interim Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2008 (2007: HK5.5 cents).

Directors' Interests and Short positions in Shares, Underlying Shares and Debentures

At 30 September 2008, none of the directors nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company and its associated corporation, as recorded in the register (the "Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

At no time during the six months ended 30 September 2008 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or the spouse or children under 18 years of age of such director, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate or had exercised any right to subscribe for the securities or had exercised any such rights.

Share Option Scheme

The Company adopted its share option scheme on 6 July 2002. The principal terms of the share option scheme were disclosed in the Company's 2008 annual report. Details of movements in the Company's share options during the six months ended 30 September 2008 are set out as follows:

Participants	Share option type	Number of share options: Outstanding at 1 April 2008	Granted during the period	Exercised during the period	Forfeited during the period	Expired during the period	Outstanding at 30 September 2008	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$ per share	Fair value at grant date HK$ per share	Closing price of the Company's shares immediately before the grant date HK$ per share
Consultants	2008C	29,200,000	–	–	–	–	29,200,000	20 November 2007	20 November 2007 to 19 November 2008	2.362	0.5172	2.45
Employees and Consultants	2008E	1,216,000	–	–	–	–	1,216,000	22 February 2008	22 February 2008 to 21 February 2009	1.15	0.2991	1.16
		30,416,000	–	–	–	–	30,416,000					

The fair value of the share options granted were priced using a Binomial option pricing model. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of a share option varies with different, variables of certain subjective assumptions.

Expected volatility was determined by using the historical volatility of the Company's share price volatility over previous 1 year.

Inputs into the model:

	Share option type 2008C	2008E
Grant date share price	2.330	1.15
Exercise price	2.362	1.15
Expected volatility	61.60%	76.35%
Option life	1 year	1 year
Dividend yield	0.9%	3.0%
Risk-free interest rate	1.85%	1.85%

Substantial Shareholders

At 30 September 2008, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Notes	**Capacity**	**Interest in shares**	**Interest in underlying shares**	**Total interest**	**Percentage of the issued share capital of the Company**
Smart Town Holdings Limited	1	Beneficial owner	Nil	118,750,000	118,750,000	6.83%
Mr. Yeung Tony Ming Kwong	1	Interest of corporation	Nil	118,750,000	118,750,000	6.83%
Mr. Liu Ching Hua	1	Interest of corporation	Nil	118,750,000	118,750,000	6.83%
Mr. Ho Wai Chun Priscilla	2	Interest of spouse	Nil	118,750,000	118,750,000	6.83%
Ms. Lam Ngar Lan	3	Interest of spouse	Nil	118,750,000	118,750,000	6.83%
Rich Game Capital Inc.	4	Beneficial owner	17,560,000	106,000,000	123,560,000	7.10%
Mr. Jean-Christophe Scolari	4	Interest of corporation	17,560,000	106,000,000	123,560,000	7.10%
Mr. Chen Yi-Ming	5	Interest of corporation	119,170,444	1,379,919,483	1,499,089,927	86.19%
Power Rush Holdings Limited	5	Beneficial owner	119,170,444	1,379,919,483	1,499,089,927	86.19%
Pacific Rainbow Holdings Limited	5	Beneficial owner	81,151,576	1,250,778,858	1,331,930,434	76.58%
Multi Fit Investments Limited	6	Beneficial owner	224,000,000	1,969,982,608	2,193,982,608	126.14%
Mr. Sin Chun Shing	6	Interest of corporation	224,000,000	1,969,982,608	2,193,982,608	126.14%
Chu Yuet Wah	7	Interest of corporation	291,000,000	Nil	291,000,000	16.73%
Kingston Securities Limited	7	Beneficial owner	206,000,000	Nil	206,000,000	11.84%
Ma Siu Fong	7	Interest of corporation	206,000,000	Nil	206,000,000	11.84%
Sansar Capital Management, LLC	8	Investment manager	168,904,681	Nil	168,904,681	9.71%
Sansar Capital Special Opportunity Master Fund, LP	8	Beneficial owner	168,904,681	Nil	168,904,681	9.71%
Farringdon Capital Management Switzerland (SA)		Investment manager	170,504,000	Nil	170,504,000	9.80%
UBS AG		Beneficial owner/ Person having a security interest in shares	169,120,724	Nil	169,120,724	9.72%
Capital Research and Management Company		Investment manager	101,877,191	Nil	101,877,191	5.86%

Notes:

1. Smart Town is owned as to 50% by Mr. Yeung Tony Ming Kwong and 50% by Mr. Liu Ching Hua. Smart Town has the rights in 118,750,000 shares as a result of the assignment of its rights under certain shares and convertible bonds by Power Rush to Smart Town. It includes the 40,000,000 shares and the convertible bond in a principal sum of HK$252 million, which if fully converted at an initial conversion price of HK$3.2 per conversion share, resulting in 78,750,000 shares.

2. Ms. Ho Wai Chun Priscilla is the spouse of Mr. Yeung Tony Ming Kwong, who beneficially owns 50% of the shareholdings of Smart Town.

3. Ms. Lam Ngar Lan is the spouse of Mr. Liu Ching Hua, who beneficially owns 50% of the shareholdings of Smart Town.

4. Rich Game Capital Inc. is owned as to 51% by Global Rainbow Ltd.; Scolari and as to 49% by Smart Gallant Limited and these two companies are wholly-owned by Mr. Jean-Christophe Scolari.

5. Power Rush Holdings Limited is wholly-owned by Mr. Chen Yi-Ming.

6. Multi Fit Investments Limited is wholly-owned by Mr. Sin Chun Shing.

7. Kingston Securities Limited is owned by Mrs. Chu Yuet Wah and Ms. Ma Siu Fong.

8. Sansar Capital Management, LLC is the fund manager of Sansar Capital Opportunity Master Fund, LP.

Save as disclosed above, at 30 September 2008, no person, other than a director of the Company, whose interest is set out in the section "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2008.

Compliance with the Code on Corporate Governance practices

In the opinion of the Board, the Company had complied with all code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 September 2008, except for the following deviations:

Code A.2. of CG Code provides, inter alia, that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

During the six months ended 30 September 2008, there was no position of Chief Executive Officer in the Company. However, Mr. Lum Chor Wah, Richard has been assuming the roles of both the Chairman and Chief Executive Officer of the Company. For the time being, the Board intends to maintain this structure as it believes that it would take time to segregate the duties of the two positions and in order to cause minimum disruption to the smooth running of the businesses of the Company. Nonetheless, the Board would review and monitor the situation on a regular basis and would take the necessary actions in due course to comply with this Code requirement.

Code A.4. of CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Leung Chi Hung, Mr. Tsui Robert Che Kwong and Mr. Cheung Johnny Yim Kong, being the Company's independent non-executive directors, were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Model Code for Securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code for the six months ended 30 September 2008.

Audit Committee

The Company has an audit committee which was established in accordance with the requirements of the Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee is for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. These interim financial statements have been reviewed by the audit committee. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Leung Chi Hung as the Chairman and Mr. Tsui Robert Che Kwong and Mr. Cheung Yim Kong Johnny.

The Audit Committee has reviewed the interim report and the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2008 and agreed to the accounting principles and practices adopted by the Company.

Board of Directors

As at the date of this report, the directors of the Company are Mr. Pun Yuen Sang and Mr. Yao Wai Kwok, Daniel who are executive directors and Mr. Leung Chi Hung, Mr. Tsui Robert Che Kwong and Mr. Cheung Johnny Yim Kong who are independent non-executive directors.

Appreciation

On behalf of the Board, I would like to express our gratitude to our shareholders for their continuing support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions.

By order of the Board
Yao Wai Kwok, Daniel
Executive Director

Hong Kong, 23 December 2008