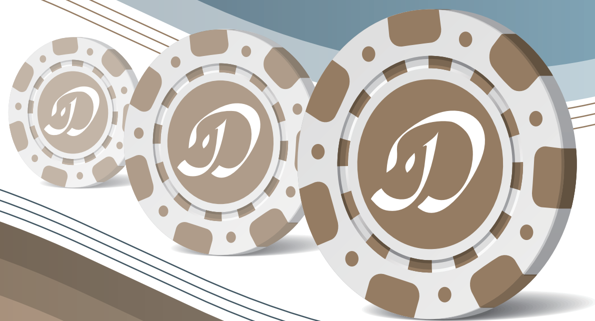
DORE HOLDINGS LIMITED
多金控股有限公司*

Incorporated in Bermuda with limited liability
Stock Code : 628



Interim Report 2011

*For identification purpose only

Content

In the event of inconsistency, the English text of this interim report shall prevail over Chinese text.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Yeung Heung Yeung *(Chairman)*

Independent Non-executive Directors

Lee Shiow Yue
Poon Wai Hoi, Percy
Tang Chi Ho, Francis

COMPANY SECRETARY

Chow Fuk Wai
(Appointed on 6 July 2011)

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

PRINCIPAL BANKER

The Bank of East Asia

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
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3903, 39/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
HM08 Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

INVESTOR RELATIONS

www.dore-holdings.com.hk

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 2011 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 STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Six months ended 30 September	
		2011	2010
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Turnover	*3*	**18,744**	34,891
Cost of sales		**–**	–
Gross profit		**18,744**	34,891
Other revenue	*4*	**4**	5
Administrative expenses		**(3,636)**	(3,917)
Fair value changes on financial assets at fair value through profit or loss		**(23,031)**	1,785
Fair value changes on derivative financial instruments		**–**	(2,211)
Loss on disposal of subsidiaries		**–**	(60,322)
Loss on early repayment of promissory note		**–**	(38,447)
Loss on cancellation of convertible bonds		**–**	(81,931)
Impairment loss recognised in respect of intangible assets		**–**	(243,870)
Loss from operations	*5*	**(7,919)**	(394,017)
Finance costs		**–**	(22,162)

	Notes	Six months ended 30 September 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Loss before taxation		**(7,919)**	(416,179)
Taxation	6	**—**	875
Loss for the period		**(7,919)**	(415,304)
Other comprehensive income for the period, net of tax		**—**	—
Total comprehensive loss for the period		**(7,919)**	(415,304)
Loss for the period attributable to owners of the Company		**(7,919)**	(415,304)
Total comprehensive loss attributable to owners of the Company		**(7,919)**	(415,304)
Loss per share			
— Basic and diluted	8	**(HK0.37) cents**	(HK28.89) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	As at 30 September 2011 HK$'000 (Unaudited)	As at 31 March 2011 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**13**	18
Intangible assets	*9*	**113,539**	113,539
		113,552	113,557
Current assets			
Accounts receivable	*10*	**2,884**	2,614
Deposits and other receivables		**38**	97
Financial assets at fair value through profit or loss	*11*	**23,800**	46,831
Cash and bank balances		**91,243**	76,248
		117,965	125,790
***Less:* Current liabilities**			
Other payables and accruals		**1,167**	1,078
Net current assets		**116,798**	124,712
Total assets less current liabilities		**230,350**	238,269
Net assets		**230,350**	238,269
Capital and reserves			
Share capital	*12*	**21,549**	21,549
Reserves		**208,801**	216,720
Equity attributable to owners of the Company		**230,350**	238,269

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Reserves								
	Share capital	Share premium	Contributed surplus	Convertible bonds reserve	Capital reserve	Share option reserve	Revaluation reserve	Accumulated losses	Total reserves	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	13,930	259,120	569,044	41,960	85,889	2,553	638	(664,640)	294,564	308,494
Total comprehensive loss for the period	–	–	–	–	–	–	–	(415,304)	(415,304)	(415,304)
Issue of ordinary shares *(note i)*	3,529	33,403	–	–	–	–	–	–	33,403	36,932
Cancellation of convertible bonds	–	–	–	(8,086)	–	–	–	36,498	28,412	28,412
Share option lapsed during the period *(note ii)*	–	–	–	–	–	(2,553)	–	2,553	–	–
At 30 September 2010 (Unaudited)	17,459	292,523	569,044	33,874	85,889	–	638	(1,040,893)	(58,925)	(41,466)
At 1 April 2011	21,549	594,310	569,044	–	85,889	–	638	(1,033,161)	216,720	238,269
Total comprehensive loss for the period	–	–	–	–	–	–	–	(7,919)	(7,919)	(7,919)
At 30 September 2011 (Unaudited)	**21,549**	**594,310**	**569,044**	**–**	**85,889**	**–**	**638**	**(1,041,080)**	**208,801**	**230,350**

Notes:

(i) On 8 September 2010, the Company had passed a special general resolution in relation to the capitalisation and early repayment of the Second Promissory Note involving issue of new shares of the Company. The Company had entered into a subscription agreement on 7 June 2010 with the Second Promissory Note holder (the "PN Holder") pursuant to which the PN Holder has conditionally agreed to subscribe for 352,941,176 new shares at the subscription price of HK$0.17 per new shares. The aggregate subscription price was satisfied by capitalising part of the principal amount of Second Promissory Note. The carrying amount of the corresponding principal amount of the Second Promissory Note was approximately HK$36,932,000.

(ii) The share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant options over the relevant vesting periods, the total of which is based on the fair value of the options at grant date. The amount is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

The share options were lapsed during the period ended 30 September 2010 and released directly to accumulated losses.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**14,995**	33,238
Net cash generated from investing activities	**–**	2
Net cash used in financing activities	**–**	(122,077)
Net increase/(decrease) in cash and cash equivalents	**14,995**	(88,837)
Cash and cash equivalents at the beginning of the period	**76,248**	121,803
Cash and cash equivalents at the end of the period	**91,243**	32,966
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**91,243**	32,966

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2011

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 ("HKICPA"), and the disclosure requirements of Appendix 16 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). This condensed consolidated interim financial information was approved for issue on 25 November 2011.

This condensed consolidated interim financial information has not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values.

The accounting policies 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 2011, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations described below.

In the current interim period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 April 2011.

HKFRSs (Amendment)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 — Disclosures for First-time Adopters
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new HKFRSs has no material impact on the results and the financial position of the Group.

Impact of new and revised HKFRSs not yet effective

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

Amendments to HKAS 1 (Revised)	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosure — Transfer of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 presentation 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 liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The amendments to HKFRS 7 *Disclosures — Transfer of Financial Assets* interest the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level continuing exposure in the asset. The amendments also require disclosures when transfers of financial assets are not evenly distributed throughout the period.

HKFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC)-12 *Consolidation — Special Purpose Entities* and replaces parts of HKAS 27 *Consolidated and Separate Financial Statements*.

HKFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 Interests in Joint Ventures and HK(SIC)-13 *Jointly Controlled Entities — Non-monetary Contributions by Venturers*.

HKFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

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

3. TURNOVER AND SEGMENT INFORMATION

The Group currently operates in one business segment in the gaming and entertainment segment receiving profit streams from gaming and entertainment related business. A single management team reports to the chief operating decision makers who comprehensively manages the entire business. Accordingly, the Group does not have separately reportable segments.

(a) Revenue from major services

All of the Group's revenue for the six months ended 30 September 2011 and 2010 are derived from profit streams from gaming and entertainment related business.

(b) **Geographical segments**

The Group operates in two principal areas — Gaming and entertainment business operates in Macau and administrative activities operate in Hong Kong.

The Group's revenue is solely generated from external customers in Macau.

The Group's information about its non-current assets by geographical location are detailed below:

	Non-current assets	
	As at 30 September 2011	As at 31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Macau	**113,539**	113,539
Hong Kong	**13**	18
	113,552	113,557

4. OTHER REVENUE

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**4**	5

5. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging:

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation	**5**	29
Minimum lease payments under operating leases in respect of land and buildings	**62**	104
Loss on disposal of subsidiaries	**–**	60,322
Impairment loss recognised in respect of intangible assets *(Note 9)*	**–**	243,870

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff costs (excluding director's remuneration)		
Salaries and wages	**1,104**	1,115
Pension scheme contribution	**17**	20

6. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising from Hong Kong during the period. The Group has no assessable profit under Hong Kong profits tax for the six months ended 30 September 2011 and 2010. The Group is not subject to any tax in Macau.

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Tax credited for the period:		
Deferred tax liabilities		
Convertible bonds	**–**	875

7. DIVIDENDS

The directors of the Company have not proposed any interim dividend for the six months ended 30 September 2011 (2010: Nil).

8. LOSS PER SHARE

Basic loss per share

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

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	**(7,919)**	(415,304)
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,154,938**	1,437,346

Diluted loss per share

Diluted loss per share for the six months ended 30 September 2011 were the same as the basic loss per share. No dilutive events existed during the period ended 30 September 2011.

Diluted loss per share for the six months ended 30 September 2010 were the same as the basic loss per share. The Company's outstanding convertible bonds were not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible bonds were anti-dilutive.

9. INTANGIBLE ASSETS

	Rights in sharing of profit streams *HK$'000*
Cost	
At 1 April 2011 and 30 September 2011	**1,495,278**
Accumulated impairment	
At 1 April 2011 and 30 September 2011	**1,381,739**
Carrying amount	
At 30 September 2011 (Unaudited)	**113,539**
At 31 March 2011 (Audited)	**113,539**

Details of intangible assets are as follows:

	Nove Profit Agreement *HK$'000*
At 1 April 2011 and 30 September 2011	**113,539**

Note:

(i) 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 losses.

(ii) Impairment loss in respect of intangible assets of approximately HK$243,870,000 was recognised during the six months ended 30 September 2010 by reference to the valuation report issued by Messrs. Grant Sherman Appraisal Limited ("Grant Sherman"), independent qualified professional valuers, at 30 September 2011 and 2010 which valued the intangible assets on discounted cash flow method. The discount rate applied in relation to the valuation of the intangible assets as of 30 September 2011 was approximately 26.75% (31 March 2011: 26.69%).The main factor contributing to the impairment was due to decline in expected turnover of the Nove Profit Agreement in the future.

(iii) The junket licences associated with the rights in sharing of profit streams is renewable annually by the Macau Government. The directors of the Company are not aware of any expected impediment with respect to the renewal of licences and consider that the possibility of failing in licence renewal is remote. Therefore, the directors of the Company consider that the intangible assets are treated as having indefinite useful lives.

10. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The Group receives the profit streams 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 end of the reporting date, based on invoice date, is as follows:

	As at 30 September 2011	As at 31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 15 days	**2,884**	2,614

Included in the Group's accounts receivable balance, no debtors are past due at the date of these condensed consolidated interim financial statements (at 31 March 2011: Nil). The Group does not hold any collateral over these balances.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2011	As at 31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss comprise:		
Held for trading:		
— Equity securities listed in Hong Kong	**23,800**	46,831

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.

12. SHARE CAPITAL

	Number of ordinary shares		Share capital	
	30 September 2011	31 March 2011	**30 September 2011**	31 March 2011
	'000	*'000*	***HK$'000***	*HK$'000*
			(Unaudited)	(Audited)
Authorised				
At the beginning and at the end of the period/year, ordinary shares of HK$0.01 each	**60,000,000**	60,000,000	**600,000**	600,000
Issued and fully paid				
At the beginning of the period/year, ordinary shares of HK$0.01 each	**2,154,938**	1,392,987	**21,549**	13,930
Issue of ordinary shares *(note i)*	**–**	701,941	**–**	7,019
Conversion of convertible bonds *(note ii)*	**–**	60,010	**–**	600
At the end of the period/year, ordinary shares of HK$0.01 each	**2,154,938**	2,154,938	**21,549**	21,549

Notes:

(i) During the year ended 31 March 2011, the Company issued 352,941,176 ordinary shares of HK$0.01 each at a subscription price of HK$0.17 per share. The ordinary shares were issued on 8 September 2010 and the subscription price was satisfied by capitalising part of the principal amount of Second Promissory Note with a carrying amount of approximately HK$36,932,000.

The Company issued 349,000,000 ordinary shares of HK$0.01 each at a subscription price of HK$0.112 per share. The ordinary shares were issued on 12 October 2010 for the purpose of raising additional capital for the Company in order to strengthen the capital base of the Company for any possible diversified investment in the future.

The new shares rank pari paasu with the existing shares in all respects.

(ii) On 21 October 2010, 60,010,074 ordinary shares of HK$0.01 each were issued by the Company as a result of the exercise of the conversion rights attached to the Fourth Convertible Bond, Fifth Convertible Bond I and Fifth Convertible Bond III of an aggregate principal amount of approximately HK$105,863,000, HK$83,634,000 and HK$127,748,000 issued by the Company on 18 December 2007, 6 November 2008 and 6 November 2008 at a conversion price of HK$26.271, HK$3.776 and HK$3.776 each.

13. OPERATING LEASE ARRANGEMENTS

The Group does not have any operation lease arrangement as at 30 September 2011.

As at 31 March 2011, the Group leases its office properties under operating lease arrangements. Leases for the properties are negotiated for terms of one year.

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

	As at 30 September 2011	As at 31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**–**	178

14. COMMITMENTS

The Group and the Company did not have any significant capital commitments as at 30 September 2011 (at 31 March 2011: Nil).

15. CONTINGENT LIABILITIES

The Group and the Company had no material contingent liabilities as at 30 September 2011 (at 31 March 2011: Nil).

16. EVENTS AFTER THE REPORTING PERIOD

The Group and the Company did not have any significant event after the reporting period.

17. RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the six months ended 30 September 2011 and 2010, 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 employees are as follows:

	For the six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries and allowance	**180**	237
Pension scheme contributions	**–**	3
	180	240

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Following the rapid development of Macau's gambling industry over the past couple of years, the VIP junket industry had been increasingly competitive. In 2010, the Group streamlined its gaming and entertainment related business by disposing of Top Jade Limited, Leading Century International Limited, East & West International Inc. and Pacific Force Inc. which include the Joli Profit Agreements (the "Disposal").

Turnover of the Group for the six months ended 30 September 2011 amounted to approximately HK$18,744,000, representing a 46.28% decrease over the corresponding figure of approximately HK$34,891,000 for the six months ended 30 September 2010, which was mainly due to, among other factors, the Disposal. Nevertheless, the Group continued to have a sufficient level of operations because of its interest in the VIP gaming at The Venetian via Triple Gain Group Limited and the average monthly revenue generated thereof remained at approximately HK$3.1 million for the six months ended 30 September 2011 which provided a stable income stream to the Group.

FINANCIAL REVIEW

During the six months ended 30 September 2011, the Group was engaged in core business: gaming and entertainment sector.

As mentioned above, turnover of the Group for the six months ended 30 September 2011 amounted to approximately HK$18,744,000, representing a 46.28% decrease over the corresponding figure of approximately HK$34,891,000 for the six months ended 30 September 2010.

As the Group's revenue is derived from the sharing of profit streams from investments in gaming and entertainment related business in Macau, there is no cost directly associated with it and hence, no cost of sales has been recorded. Gross margin is 100% (six months ended 30 September 2010: 100%). The Group's operating cost is restricted to administrative expenses.

Administrative expenses amounted to approximately HK$3,636,000 for the six months ended 30 September 2011, a 7.17% decrease from approximately HK$3,917,000 for the same period last year.

For the six months ended 30 September 2011, there was only a minimal amount of finance costs incurred and while compared to approximately HK$22,162,000 for the same period last year. The main reason for such decrease was attributable to the early repayment of promissory note and cancellation of convertible bonds during the year ended 31 March 2011.

The Group incurred a loss before and after taxation of approximately HK$7,919,000 for the six months ended 30 September 2011, as compared to the loss before taxation of approximately HK$416,179,000 and loss after taxation of approximately HK$415,304,000 for the six months ended 30 September 2010. The net loss for the six months ended 30 September 2011 was mainly a result of, among other factors, a loss arising from fair value changes on financial assets at fair value through profit or loss of approximately HK$23,031,000 — a net profit of approximately HK$15,112,000 by excluding such item would be a better reflection of the Group's actual operation result.

Basic and diluted loss per share for the six months ended 30 September 2011 were HK0.37 cents (six months ended 30 September 2010: basic and diluted loss per share of HK28.89 cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2011, total assets of the Group were approximately HK$231,517,000 (at 31 March 2011: HK$239,347,000) which are financed by capital and reserves of approximately HK$230,350,000 (at 31 March 2011: HK$238,269,000), current liabilities were approximately HK$1,167,000 (at 31 March 2011: HK$1,078,000) and did not have any non-current liabilities (at 31 March 2011: Nil).

The Group had net assets amounted to approximately HK$230,350,000 at 30 September 2011 (at 31 March 2011: HK$238,269,000). Equity attributable to owners of the Company as at 30 September 2011 was approximately HK$230,350,000 (at 31 March 2011: HK$238,269,000).

At 30 September 2011, the cash and cash equivalents of the Group amounted to approximately HK$91,243,000 (at 31 March 2011: HK$76,248,000) and the Group's current ratio was 101.08 (at 31 March 2011: 116.69).

At 30 September 2011, the total liabilities of the Group amounted to approximately HK$1,167,000 (at 31 March 2011: HK$1,078,000), representing the other payables and accruals. The Group's gearing ratio as at 30 September 2011, expressed as a percentage of total liabilities over total equity was 0.005 (at 31 March 2011: 0.004).

Capital Structure

For the six months ended 30 September 2011, there was no change in the share capital structure of the Company. As at 30 September 2011, there were (i) authorized share capital of HK$600,000,000 divided into 60,000,000,000 ordinary shares of HK$0.01 each and (ii) issued share capital of HK$21,549,385.71 divided into 2,154,938,571 ordinary shares of HK$0.01 each.

Borrowings

At 30 September 2011, the Group did not have any borrowings (at 31 March 2011: Nil).

For the six months ended 30 September 2011, there was only a minimal amount of finance costs incurred while compared to approximately HK$22,162,000 for the same period last year. The main reason of decrease in finance cost was attributable to the early repayment of promissory note and cancellation of convertible bonds during the year ended 31 March 2011.

Material Acquisition and Disposal of Subsidiary and Associated Company

There was no material acquisition or disposal of the Company's subsidiaries and associated companies during the six months ended 30 September 2011.

Charges on Group Assets

At 30 September 2011, none of the Group's assets was pledged to any financial institution for facilities (at 31 March 2011: Nil).

Contingent Liabilities

At 30 September 2011, the Group had no material contingent liabilities (at 31 March 2011: 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.

Employees

At 30 September 2011, the Group has a total of 3 employees (31 March 2011: 4 employees). Total staff costs (including directors' emoluments) for the six months ended 30 September 2011 amounted to approximately HK$1,284,000 (six months ended 30 September 2010: HK$1,351,000). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee and the Board of the Company on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. The Group has also implemented a share option scheme to reward eligible employees (including executive Directors) according to their individual performance. During the six months ended 30 September 2011, no options were granted under the share option scheme of the Company.

PROSPECTS

The Directors consider that the Macau VIP gaming business is highly sensitive to economic cycles and highly volatile. Last year, the Company has adopted the painful move in disposing the profit streams from Joli Profit Agreements and has prepared for this through:

(1) adopting the prudent policy;

(2) remain focusing on improving operational efficiencies; and

(3) identifying suitable projects and/or investments that would be reasonably expected to generate profits and/or have potential for capital appreciation.

Whilst the Company has continuously placed priority on restructuring the existing gaming businesses of the Group, it has also been actively seeking possible investment opportunities to diversify its businesses as well as to broaden its revenue base.

OTHER INFORMATION

INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of any interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHARE OPTIONS

As at 30 September 2011, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of The Securities and Futures Ordinance ("SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of 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") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position:

Ordinary shares of HK$0.01 each (the "Shares") of the Company

Name	Capacity	Interest in Shares	Interest in underlying shares	Total interest	Percentage of the issued share capital of the Company
Yeung Heung Yeung	Interest of controlled corporation	349,000,000	Nil	349,000,000	16.20%

Note: Sur Limited held 349,000,000 Shares. As Sur Limited is wholly and beneficially owned by Mr. Yeung Heung Yeung, the executive Director and chairman of the Company, Mr. Yeung Heung Yeung is deemed to be interested in 349,000,000 Shares.

Save as disclosed above, as at 30 September 2011, none of the Directors or chief executive of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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 annual report for the year ended 31 March 2011. As at 30 September 2011, there is no option outstanding (at 30 September 2011: Nil).

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2011, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions:

Ordinary shares of HK$0.01 each of the Company:

Name	*Note*	Capacity	Interest in shares	Interest in underlying shares	Total interest	Percentage of the issued share capital of the Company
Ng Cheuk Fai		Beneficial owner	352,941,176	Nil	352,941,176	16.38%
Yeung Heung Yeung	1	Interest of controlled corporation	349,000,000	Nil	349,000,000	16.20%
Sur Limited	1	Beneficial owner	349,000,000	Nil	349,000,000	16.20%

Note 1: Sur Limited held 349,000,000 Shares. As Sur Limited is wholly and beneficially owned by Mr. Yeung Heung Yeung, the executive Director and chairman of the Company, Mr. Yeung Heung Yeung is deemed to be interested in 349,000,000 Shares.

Save as disclosed above, as at 30 September 2011, the Company has not been notified by any person (other than Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under 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 2011.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within knowledge of the Directors, as at the date hereof, the Company has maintained the prescribed public float under the Listing Rules.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the six months ended 30 September 2011.

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 2011, except for the following deviations:

Code A.2.1 of CG Code provides, inter alia, that the roles of chairman and chief executive officer should be separated 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.

The Company does not officially have a position of chief executive officer, but Mr. Yeung Heung Yeung has been assuming the roles of chief executive officer of the Company.

In this regard, the Company has deviated from Code A.2.1 of CG Code. The Board believes that the roles of chairman and chief executive officer in the same person, Mr. Yeung Heung Yeung, can provide the Group with strong and consistent leadership and allow for more effective and efficient business planning and decision as well as execution of long term business strategies.

Code A.4.1 of CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis, 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. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code for the six months ended 30 September 2011.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG 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 Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis.

The audit committee has reviewed the interim report and the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2011 and agreed to the accounting principles and practices adopted by the Company.

BOARD OF DIRECTORS

As at the date hereof, the executive Director is Mr. Yeung Heung Yeung, and the independent non-executive Directors are Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue.

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
Yeung Heung Yeung
Chairman

Hong Kong, 25 November 2011