



Get Nice Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code : 64

2011

Interim Report



UNAUDITED INTERIM RESULTS

The Board of Directors of Get Nice Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th September, 2011 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30th September, 2011 have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited Six months ended 30th September,	
		2011 HK\$'000	2010 HK\$'000
Revenue	2	423,756	123,845
Other operating income		2,271	9,818
Other gains and losses		(15,164)	1,223
Depreciation		(57,496)	(4,084)
Amortisation of prepaid lease payments		(19,320)	–
Commission expenses		(214,506)	(10,403)
Staff costs		(42,917)	(7,357)
Consumables used		(17,416)	–
Other expenses		(88,430)	(18,068)
Share of results of jointly controlled entities		–	(14,260)
Finance costs		(7,622)	(337)
(Loss) profit before taxation		(36,844)	80,377
Taxation	3	(12,105)	(14,511)
(Loss) profit for the period		(48,949)	65,866
Other comprehensive income			
Exchange difference arising on translation		(39)	(154)
Total comprehensive income for the period		(48,988)	65,712

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

		Unaudited Six months ended 30th September,	
		2011	2010
	Notes	HK\$'000	HK\$'000
(Loss) profit attributable to:			
Owners of the Company		(16,224)	65,866
Non-controlling interests		(32,725)	–
		<u>(48,949)</u>	<u>65,866</u>
Total comprehensive income attributable to:			
Owners of the Company		(16,263)	65,712
Non-controlling interests		(32,725)	–
		<u>(48,988)</u>	<u>65,712</u>
Dividends	4	<u>89,470</u>	<u>84,990</u>
(Loss) earnings per share	5		
Basic and diluted		<u>(0.36) cents</u>	<u>1.55 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30th September, 2011 HK\$'000	Audited At 31st March, 2011 HK\$'000
	<i>Notes</i>		
Non-current assets			
Prepaid lease payments		619,580	638,899
Property and equipment		978,648	1,034,354
Construction in progress		2,629	1,536
Investment properties		1,709,499	1,709,499
Intangible assets		8,504	8,504
Goodwill		94,970	94,970
Other assets		3,014	4,143
Deferred tax assets		691	691
Other receivables		20,275	19,930
Loans and advances	7	3,477	6,217
Deposits		50,000	50,000
Investments in securities		32,100	109,664
		3,523,387	3,678,407
Current assets			
Accounts receivable	6	1,537,086	1,765,315
Loans and advances	7	66,586	56,172
Prepaid lease payments		38,807	38,807
Properties under development for sale		43,025	42,667
Inventories		1,341	1,492
Prepayments, deposits and other receivables		45,261	42,742
Taxation recoverable		533	584
Investments in securities		46,307	23,892
Bank balances – client accounts		177,567	201,596
Bank balances – general accounts and cash		175,026	164,292
		2,131,539	2,337,559

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	Notes	Unaudited At 30th September, 2011 HK\$'000	Audited At 31st March, 2011 HK\$'000
Current liabilities			
Accounts payable	8	266,009	313,463
Accrued charges and other accounts payable		48,908	64,692
Amounts due to non-controlling shareholders		414,109	384,533
Taxation payable		10,682	5,948
Bank borrowings		180,000	338,000
		<u>919,708</u>	<u>1,106,636</u>
Net current assets		<u>1,211,831</u>	<u>1,230,923</u>
Total assets less current liabilities		<u>4,735,218</u>	<u>4,909,330</u>
Non-current liabilities			
Bank borrowings		405,018	487,509
Deferred tax liabilities		186,578	186,578
		<u>591,596</u>	<u>674,087</u>
Net assets		<u>4,143,622</u>	<u>4,235,243</u>
Capital and reserves			
Share capital		447,348	447,348
Reserves		3,212,873	3,271,769
Equity attributable to owners of the Company		<u>3,660,221</u>	<u>3,719,117</u>
Non-controlling interests		483,401	516,126
Total equity		<u>4,143,622</u>	<u>4,235,243</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Properties revaluation reserve HK\$'000	Share option and warrants reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st April, 2011	447,348	2,289,139	123,337	3,671	27,715	279	827,628	3,719,117	516,126	4,235,243
Loss for the period	-	-	-	-	-	-	(16,224)	(16,224)	(32,725)	(48,949)
Other comprehensive income for the period										
Exchange differences arising on translation	-	-	-	-	-	(39)	-	(39)	-	(39)
Total comprehensive income for the period	-	-	-	-	-	(39)	(16,224)	(16,263)	(32,725)	(48,988)
Share options granted	-	-	-	-	2,102	-	-	2,102	-	2,102
Divided paid	-	-	-	-	-	-	(44,735)	(44,735)	-	(44,735)
Balance at 30th September, 2011	<u>447,348</u>	<u>2,289,139</u>	<u>123,337</u>	<u>3,671</u>	<u>29,817</u>	<u>240</u>	<u>766,669</u>	<u>3,660,221</u>	<u>483,401</u>	<u>4,143,622</u>
At 1st April, 2010	424,948	2,197,299	123,337	1,538	3,314	26	651,041	3,401,503	-	3,401,503
Profit for the period	-	-	-	-	-	-	65,866	65,866	-	65,866
Other comprehensive income for the period										
Exchange differences arising on translation	-	-	-	-	-	(154)	-	(154)	-	(154)
Total comprehensive income for the period	-	-	-	-	-	(154)	65,866	65,712	-	65,712
Release from share option reserve	-	-	-	-	(3,314)	-	3,314	-	-	-
Share options granted	-	-	-	-	2,898	-	-	2,898	-	2,898
Divided paid	-	-	-	-	-	-	(42,495)	(42,495)	-	(42,495)
At 30th September, 2010	<u>424,948</u>	<u>2,197,299</u>	<u>123,337</u>	<u>1,538</u>	<u>2,898</u>	<u>(128)</u>	<u>677,726</u>	<u>3,427,618</u>	<u>-</u>	<u>3,427,618</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30th September, 2011	2010
	HK\$'000	HK\$'000
Net cash from operating activities	228,835	140,942
Net cash from (used in) investing activities	37,588	(212,918)
Net cash used in financing activities	(255,650)	(32,222)
Net increase (decrease) in cash and cash equivalents	10,773	(104,198)
Effect on foreign exchange rate changes	(39)	(154)
Cash and cash equivalents at beginning of period	164,292	380,690
Cash and cash equivalents at end of period	175,026	276,338
Being:		
Bank balances – general accounts and cash	175,026	276,338

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2011

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and are in compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

Principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except for certain financial instruments and properties, which are measured at fair value as appropriate.

A number of new and revised Standards and Interpretations are effective in the current interim period. The adoption of the new and revised Standards and Interpretations has had no material effect on the condensed consolidated financial statements of the Group for the current and prior accounting periods. The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 March 2011.

2. Segment information

The following is an analysis of the Group's unaudited revenue and results for the period by reporting segments:

For the six months ended 30th September, 2011

	Broking HK\$'000	Securities margin financing HK\$'000	Money lending HK\$'000	Corporate finance HK\$'000	Investments HK\$'000	Hotel and entertainment HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE	<u>37,528</u>	<u>64,402</u>	<u>4,494</u>	<u>213</u>	<u>768</u>	<u>316,351</u>	<u>423,756</u>
SEGMENT PROFIT (LOSS)	<u>8,577</u>	<u>64,175</u>	<u>4,115</u>	<u>(72)</u>	<u>(16,025)</u>	<u>(93,499)</u>	<u>(32,729)</u>
Unallocated corporate expenses							<u>(4,115)</u>
Loss before taxation							<u>(36,844)</u>
Taxation							<u>(12,105)</u>
Loss for the period							<u>(48,949)</u>

2. Segment information (Continued)

For the six months ended 30th September, 2010

	Securities margin financing	Money lending	Corporate finance	Investments	Hotel and entertainment	Consolidated	
	Broking HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
SEGMENT REVENUE	48,753	64,981	5,930	3,108	1,073	-	123,845
SEGMENT PROFIT (LOSS)	20,095	62,962	5,737	2,658	10,370	(14,260)	87,562
Unallocated corporate expenses							(7,185)
Profit before taxation							80,377
Taxation							(14,511)
Profit for the period							65,866

The following is an analysis of the Group's assets by reportable segment:

As at 30th September, 2011 (Unaudited)

	Securities margin financing	Money lending	Corporate finance	Property development	Investments	Hotel and entertainment	Consolidated	
	Broking HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
SEGMENT ASSETS	248,377	1,623,857	70,928	7,349	43,415	191,049	3,468,038	5,653,013
Unallocated assets								1,913
Consolidated total assets								5,654,926

As at 31st March, 2011 (Audited)

	Securities margin financing	Money lending	Corporate finance	Property development	Investments	Hotel and entertainment	Consolidated	
	Broking HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
SEGMENT ASSETS	349,117	1,753,946	63,231	7,434	42,915	229,720	3,567,531	6,013,894
Unallocated assets								2,072
Consolidated total assets								6,015,966

Geographical information

The Group's hotel and entertainment operations are located in Macau while other segments operations are located in Hong Kong except for an investment property in investment segment which is situated in Taiwan. Accordingly, the majority of the Group's revenue is derived from Hong Kong and Macau as the clients of the Group are mainly based in Hong Kong and Macau. In addition, the Group's non-current assets are located in Hong Kong and Macau apart from an investment property which is situated in Taiwan.

3. Taxation

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
Current period	12,105	14,896
Deferred taxation	–	(385)
	12,105	14,511

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

4. Dividends

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Final dividend paid	44,735	42,495
Proposed interim dividend of HK1.0 cent (2010: HK1.0 cent) per share	44,735	42,495
	89,470	84,990

On 26th August, 2011, a dividend of HK1.0 cent per share was paid to shareholders as the final dividend for the year ended 31st March, 2011.

At a meeting held on 29th November, 2011, the directors recommended an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2011 to the shareholders whose names appear in the register of members on 14th December, 2011. This proposed dividend is not reflected as a dividend payable in these unaudited condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31st March, 2012.

5. (Loss) earnings per share

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
(Loss) earnings		
(Loss) profit for the purpose of basic and diluted (loss) earnings per share	<u>(16,224)</u>	<u>65,866</u>
	2011	2010
	'000	'000

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>4,473,476</u>	<u>4,249,476</u>
-----------------------------------------------------------------------------------------------------------------	-------------------------	------------------

Note: The computation of diluted (loss) earnings per share for both periods does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares.

6. Accounts receivable

	At 30th September, 2011 <i>HK\$'000</i>	At 31st March, 2011 <i>HK\$'000</i>
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	21,124	24,393
– Margin clients:		
– Directors and their associates	10,214	2,039
– Other margin clients	1,490,046	1,655,754
– Hong Kong Securities Clearing Company Limited	–	54,876
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	13,920	8,983
Accounts receivable from providing financial advisory services	–	60
Accounts receivable from hotel and entertainment operations	18,778	36,206
	<hr/>	<hr/>
	1,554,082	1,782,311
Less: Impairment allowance	(16,996)	(16,996)
	<hr/>	<hr/>
	1,537,086	1,765,315

The normal settlement terms of accounts receivable from cash clients, brokers and securities clearing house are two days after trade date while accounts receivable from futures clearing house is one day after trade date.

Included in the accounts receivable from cash clients are debtors with a carrying amount of HK\$187,000 (2011: HK\$653,000) which are past due at the end of the reporting period but which the Directors of the Company consider not to be impaired as there has not been a significant change in credit quality and a substantial portion of the carrying amount is subsequently settled.

6. Accounts receivable (Continued)

In respect of accounts receivable from cash clients which are past due but not impaired at the end of the reporting period, the ageing analysis (from settlement date) is as follows:

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
0 – 30 days	187	607
31 – 60 days	–	46
	<hr/> 187 <hr/>	<hr/> 653 <hr/>

The accounts receivable from cash clients with a carrying amount of HK\$20,937,000 (2011: HK\$23,740,000) are neither past due nor impaired at the end of the reporting period and the Directors of the Company are of the opinion that the amounts are recoverable.

Loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$3,956,954,000 (2011: HK\$4,977,876,000). The loans are repayable on demand and carry interest at Hong Kong prime rate + 2.25% to 4.25% (2011: Hong Kong prime rate + 2.25% to 4.25%). No ageing analysis is disclosed, as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Included in the Group's accounts receivable arising from hotel and entertainment operations are trade and other receivables.

The Group normally allows credit periods of up to 60 days to customers relating to hotel and entertainment operations, except for certain credit worthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period.

6. Accounts receivable (Continued)

The following is an ageing analysis of accounts receivable from hotel and entertainment operations presented based on the invoice date at the end of the reporting period.

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
0 – 30 days	6,914	28,623
31 – 60 days	4,225	1,344
61 – 90 days	1,431	75
Over 90 days	1,915	1,871
	<u>14,485</u>	<u>31,913</u>

The accounts receivable from hotel and entertainment operations with a carrying amount of HK\$12,534,000 (2011: HK\$29,967,000) are neither past due nor impaired, carrying amount of HK\$1,951,000 (2011: HK\$1,946,000) are past due over 30 days but not impaired at the end of the reporting period and the Directors of the Company are of the opinion that the amounts are recoverable.

7. Loans and advances

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
Fixed-rate loan receivables	72,681	64,557
Variable-rate loan receivables	12,000	12,500
	<u>84,681</u>	<u>77,057</u>
Less: allowance for impaired debts	(14,618)	(14,668)
	<u>70,063</u>	<u>62,389</u>
Secured	42,162	26,663
Unsecured	27,901	35,726
	<u>70,063</u>	<u>62,389</u>
Analysed as:		
Current assets	66,586	56,172
Non-current assets	3,477	6,217
	<u>70,063</u>	<u>62,389</u>
Effective interest rate:		
Fixed-rate loan receivables	10% – 24%	10% – 24%
Variable-rate loan receivables	Prime rate to Prime rate + 4%	Prime rate to Prime rate + 4%

7. Loans and advances (Continued)

At 30 September, 2011, certain loans and advances are secured by pledged properties with an aggregate fair value of HK\$108,750,000 (2011: HK\$141,571,000).

Included in the Group's loans and advances are individually impaired customers with an aggregate balance of HK\$18,373,000 (2011: HK\$19,782,000). The balance is spread over a number of borrowers. Such borrowers are facing financial difficulties in meeting commitments and full repayment of principal and interest is in doubt. The Group held collateral for certain impaired loans and advances which are properties situated in Hong Kong. No further impairment allowance was considered necessary based on the Group's evaluation of collectability.

The loans and advances with a carrying amount of HK\$66,308,000 (2011: HK\$57,275,000) are neither past due nor impaired at the end of the reporting period. In view of the repayment history of these borrowers and collateral provided, the Directors of the Company consider the amount to be recoverable and of good credit quality.

As at 30 September, 2011 and 31st March, 2011, no loans and advances are past due but not impaired.

8. Accounts payable

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
Accounts payable arising from the business of dealing in securities:		
– Cash clients	48,180	76,498
– Margin clients	179,367	202,724
– Clearing houses	7,420	9,085
Accounts payable to clients arising from the business of dealing in futures contracts	20,929	15,111
Accounts payable arising from hotel and entertainment operations	10,113	10,045
	266,009	313,463

The normal settlement terms of accounts payable to cash clients and securities clearing houses are two days after trade date. The age of these balances is within 30 days.

Amounts due to securities margin clients are repayable on demand and carry interest at 0.25% (2011: 0.25%) per annum. No ageing analysis is disclosed as, in the opinion of Directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

8. Accounts payable (Continued)

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited ("HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand. No ageing analysis is disclosed as, in the opinion of Directors of the Company, the ageing analysis does not give additional value in view of the nature of business of futures contract dealing.

Included in accounts payable to margin clients arising from the business of dealing in securities are amounts due to Directors of the Company and their associates of HK\$360,000 (2011: HK\$280,000).

The average credit period granted by the suppliers or service providers is 60 days. The following is an ageing analysis of accounts payable arising from hotel and entertainment operations, presented based on the invoice date at the end of the reporting period.

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
0 – 30 days	5,258	5,844
31 – 60 days	4,628	3,921
61 – 90 days	24	49
Over 90 days	203	231
	<u>10,113</u>	<u>10,045</u>

9. Financial risk management

The Group adopts stringent risk management policies and monitoring system in particular on the exposure associated with the financial risks as set out below:

- *Market risk*

Interest rate risk

The Group's interest rate risk relates primarily to loans and advances, accounts receivable, bank balances and convertible notes held by the Group. The Group currently does not have an interest rate hedging policy. However, the Group is closely monitoring its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities and investment fund. The Directors of the Company manage the exposure by closely monitoring the portfolio of equity investments, investment fund and derivative financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market bid prices of the relevant listed equity securities and quoted price of the investment fund.

9. Financial risk management (*Continued*)

- *Currency risk*

As most of the transactions and financial assets and liabilities of the group entities are denominated in the functional currency of the respective entities, the Group is not exposed to significant currency risk. In the opinion of the Directors of the Company, the currency risk exposure to Macau Pataca ("MOP") and Taiwanese dollar is limited as MOP is pegged to HK\$ while exposure to Taiwanese dollar is not significant.

- *Credit risk*

As at 30th September, 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failures to discharge an obligation by the counterparts is arising from the carrying amount of the respective recognised financial assets as stated in the condensed consolidated statement of financial position.

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment allowances are made for losses that have been incurred at the end of the reporting period. Significant changes in the economy, or in the health of a particular industry segment, could result in losses that are different from those provided for at the end of the reporting period. Management therefore carefully manages its exposure to credit risk.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to a quarterly or more frequent review.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

The credit risk on bank balances and deposits is limited as the counterparties are banks with high credit rating assigned by international credit-rating agencies.

As at 30th September, 2011, the Group has no significant concentration of credit risk on accounts receivable and loans and advances with exposure spread over a number of counterparts and customers.

- *Liquidity risk*

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and clients. To address the risk, treasury team works closely with the settlement division on monitoring the liquidity gap.

10. Related Party Transactions

Name of related party	Nature of transaction	Six months ended 30th September,	
		2011 HK\$'000	2010 HK\$'000
Directors of the Company			
Messrs. Shum Kin Wai, Frankie, Cham Wai Ho, Anthony, Lung Hon Lui, Cheng Wai Ho, Wong Sheung Kwong and their associates	Commission income (Note i)	141	165
Mr. Lung Hon Lui, Cheng Wai Ho, Wong Sheung Kwong and their associates	Interest income (Note ii)	994	73
Substantial shareholder			
Honeylink Agents Limited	Commission income (Note i)	<u>285</u>	<u>4</u>

Notes:

- (i) Commission was charged at 0.125% on the total value of transactions for both periods.
- (ii) Interest was charged at Hong Kong Prime Rate +2% to 4% on the outstanding balance of margin loans for both periods.

INTERIM DIVIDEND

The directors have declared an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2011. The interim dividend will be payable on 22nd December, 2011 to those shareholders whose names appear on the register of members on 14th December, 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15th December, 2011 to 16th December, 2011 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 14th December, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

For the period ended 30th September, 2011, the Group's turnover was HK\$424 million, representing an increase of 242% as compared with HK\$124 million in the corresponding period last year. Revenue from hotel and entertainment business amounted to HK\$316 million (2010: nil), whereas revenue from financial services business amounted to HK\$108 million, a decrease of 13% as compared to HK\$124 million in the corresponding period last year.

The Group reported loss attributable to owners of the Company of HK\$16 million (2010: profit of HK\$66 million). Basic loss per share for the period was HK0.36 cents (2010: basic earnings per share were HK1.55 cents). The loss for the period was mainly attributable to operating loss suffered from the hotel and entertainment business in Macau operated by the Group's 65% owned subsidiaries.

Hotel and Entertainment Business

Industry Review

In the reporting period, the Macau gaming market continued its strong growth. Income from the gaming sector amounted to MOP195 billion for the nine months ended 30th September, 2011, an increase of 46% from that of the corresponding period of 2010. The overall hotel occupancy rate rose to 84% for the period from January to September 2011, an increase of 4% compared to the same period last year, while total visitor arrivals in Macau increased to 21 million, representing an increase of 11% for the comparable period in 2010.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Hotel and Entertainment Business (continued)

Business Review

The Group's hotel and entertainment business at Grand Waldo complex in Macau is operated through its 65% owned subsidiaries – Great China and GWE since October 2010 (formerly being 50% owned jointly controlled entities). The revenue of this segment for the six months ended 30th September, 2011 amounted to HK\$316 million (2010: nil), accounting for 75% of the total revenue of the Group. This segment reported a loss of HK\$ 93 million (2010: HK\$14 million) of which the Group shared 65%. Its loss before interest, tax, depreciation and amortisation and before non-controlling interests amounted to HK\$11 million.

The casino at Grand Waldo complex is run by the license holder Galaxy Casino S.A. As at 30th September, 2011, the Group had 23 tables for the mass market halls, 15 tables for VIP market and 148 slot machines. By focusing on mid-end mass market, the 30,000 sq. ft. casino continued to provide stable revenue for the Group.

During the period, the Group's hotel operations mainly comprised of rental of 314 hotel rooms, food and beverage sale and other property rentals. The average occupancy rate of the hotel for the period was over 85% with an average daily room rate of HK\$711. Both the hotel occupancy rate and room rate experienced growth evidencing the success of targeting the mid-end and mass market as well as continuous renovation on Grand Waldo complex.

With a total area of approximately 250,000 sq. ft., Grand Waldo's spa centre is the largest all-purpose family-oriented spa club in Macau. In addition to different types of relaxing spa facilities, the spa centre of Grand Waldo has 164 rooms offering accommodation to guests after a relaxing spa experience. During the period, Grand Waldo's spa centre had serviced an average of 6,800 guests per month, making satisfactory income contribution to the Group.

Outlook

In light of the various large-scale infrastructure projects undertaken by the Macau Government, it is expected that the number of visitors and gaming revenue will continue to grow in the coming years. The Group is well positioned to capture the benefit from the surging gaming revenue in Macau. With the objective of profitably expanding its mass market business, the Group will reallocate more gaming tables for the mass market halls. The continuous renovation of guest rooms and the spa centre of Grand Waldo have proved to meet growing demand, and so the Group will continue to invest in this area to pave the way for revenue enhancement.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Services Business

Market Review

During the period under review, the market environment in Hong Kong was tough. Market sentiment became more adversely affected by concerns over the deepening of the sovereign crisis in the Eurozone, and fears of a continued slowdown in the US economy posed further challenges to global recovery. The Hang Seng Index ("HSI") moved within a narrow range over most trade days from April to July 2011 and tumbled towards the end of the period. The HSI plummeted from the peak of 24,396 on 8th April, 2011 to the bottom of 17,408 on 26th September, 2011 during the period. The substantial fall of HSI was mainly triggered by the deterioration in Greece and other European countries sovereign debt crisis as well as the downgrade of US sovereign debt in August 2011.

The HSI slid by 21% to close at 17,592 on 30th September, 2011 compared to that on 30th September, 2010, while the average daily turnover on the local stock exchange was up by 14% from HK\$63 billion to HK\$72 billion.

Business Review

Broking income and interest income from securities margin financing

During the period, the Group's securities, futures and options broking revenue, including underwriting and placing commission, amounted to HK\$38 million (2010: HK\$49 million), accounting for 9% of total revenue. Of the HK\$38 million, the Group's underwriting and placing businesses contributed revenue of HK\$6 million (2010: HK\$9 million). The broking segment reported a profit of HK\$9 million for the period (2010: HK\$20 million). Decline in revenue and profit of the broking segment for the period was due to weak retail equity market sentiment and the intensified market competition on pricing also had a negative impact on commission earnings.

The Group's margin lending business remained relatively stable. The interest income from margin financing amounted to HK\$64 million for the period under review (2010: HK\$65 million), accounting for 15% of total revenue. This business contributed a segmental profit of HK\$64 million (2010: HK\$63 million). The Group's margin loan book at the period end stood at HK\$1,488 million (2011: HK\$1,645 million).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Money lending

The money lending vehicle which was mainly engaged in the provision of consumer and mortgage loans posted a profit of HK\$4 million (2010: HK\$6 million), representing a decrease of 33%. The significant decline in profit was due to the fact that the Group had reallocated its financial resources to focus on developing its hotel and entertainment business.

Corporate finance

The Group's corporate finance division continued to focus on the provision of financial advisory services to listed issuers. It completed 2 financial advisory assignments during the period. This business reported a segmental loss of HK\$72,000 for the period (2010: profit of HK\$3 million).

Investments

The investments division held properties and other treasury investments for the Group. For the period under review, this division reported a loss of HK\$16 million (2010: profit of HK\$10 million), mainly attributable to a decrease in fair value of financial instruments. As at 30th September, 2011, the Group held a portfolio of securities and convertibles notes with a total fair value of HK\$78 million (2011: HK\$134 million).

Outlook

The unresolved European debt crisis and the staggering US economy continue to affect the international stock market sentiment and the global economy, though it is believed that across the Asia Pacific region recovery may continue and likely outperform the US and European counterparts if the situations in the US and Europe will be stabilizing or at least not significantly deteriorating further. The Group remains vigilant on costs and will continue to take a prudent approach as the Group seeks opportunities for sustained growth.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review

Financial Resources and Gearing Ratio

The equity attributable to owners of the Company amounted to HK\$3,660 million as at 30th September, 2011, representing a decrease of HK\$59 million, or 2% from that of 31st March, 2011. The decrease was mainly attributed to the loss for the period and dividend payment.

The Group's net current assets as at 30th September, 2011 amounted to HK\$1,212 million (2011: HK\$1,231 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 2.3 times (2011: 2.1 times). The Group's cash on hand amounted to HK\$175 million as at 30th September, 2011 (2011: HK\$164 million). As at 30th September, 2011, the Group's total bank borrowings amounted to HK\$585 million (2011: HK\$826 million). Of this, HK\$180 million was repayable within one year, and HK\$405 million was repayable after one year. As at 30th September, 2011, the Group had unutilised banking facilities amounting to HK\$1,335 million (2011: HK\$1,081 million) which were secured by charges over clients' pledged securities, prepaid lease payments, properties as well as corporate guarantees issued by the Company.

As at 30th September, 2011, the Group's gearing ratio (total liabilities over equity attributable to owners of the Company) was 0.41 time (2011: 0.48 time).

The business activities of the Group are not exposed to material fluctuations in exchange rates as the majority of the transactions are denominated in Hong Kong dollar and Macau Pataca ("MOP"), of which is pegged to Hong Kong dollar.

The Group had no material contingent liabilities at the period end.

As at 30th September, 2011, the Group had capital commitments of HK\$200 million relating to capital contribution commitment to set up a jointly controlled entity to develop the hotel and entertainment business in Macau.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review (continued)

Charges on Group Assets

As at 30th September 2011, investment properties, leasehold land, land and building, prepaid lease payments and hotel complex of the Group with a carrying amount of HK\$2,933 million (2010: HK\$2,969 million) were pledged for banking facilities granted to the Group.

Material Acquisitions and Disposals of Subsidiaries, Associates and Jointly Controlled Entities

There were no material acquisitions or disposals of subsidiaries or associate completed during the period.

Employee Information

As at 30th September, 2011, the Group had 689 employees (2010: 85) . The Group's employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the period was HK\$43 million (2010: HK\$7 million). The Group provides employee benefits including mandatory provident fund, contributions to the retirement benefits schemes for the employees working in Macau, discretionary share options and performance bonus for its staff.

DIRECTORS' INTERESTS IN SHARES

At 30th September, 2011, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

1. Long positions

(a) ordinary shares of HK10 cents each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Hung Hon Man	Interest of controlled corporation (<i>note</i>)	1,232,252,583	27.55%
Mr. Lung Hon Lui	Beneficial owner	3,000,000	0.07%

Note: Mr. Hung Hon Man is deemed to be interested in 1,232,252,583 ordinary shares of the Company which are held by Honeylink Agents Limited ("Honeylink"), a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Hung Hon Man.

(b) Long positions in the underlying shares – Warrants of the Company

Name of Director	Capacity	Number of warrants held	Number of underlying shares
Mr. Hung Hon Man	Interest of controlled entity (<i>note</i>)	840,000,000	840,000,000

Note: Mr. Hung Hon Man is deemed to be interested in 1,232,252,583 ordinary shares and 840,000,000 warrants of the Company which are held by Honeylink Agents Limited ("Honeylink"), a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Hung Hon Man.

DIRECTORS' INTERESTS IN SHARES (continued)

1. Long positions (continued)

(c) Long positions in the underlying shares – share options of the Company

Name of Director	Capacity	Number of options held	Number of underlying shares
Mr. Lung Hon Lui	Beneficial owner	15,000,000	15,000,000

2. Long positions in the non-voting deferred shares of HK\$1.0 each of Get Nice Securities Limited (“GNS”), a wholly owned subsidiary of the Company

Name of Director	Capacity	Number of non-voting deferred shares* held	Percentage of the issued non-voting deferred share of GNS
Mr. Hung Hon Man	Beneficial owner	36,000,000	90%
Mr. Shum Kin Wai Frankie	Beneficial owner	4,000,000	10%
		40,000,000	100%

* The non-voting deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of GNS and on liquidation, the assets of GNS available for distribution among the holders of ordinary shares and the holders of non-voting deferred shares shall be applied first in paying to the holders of ordinary shares the sum of HK\$1,000,000,000,000 per ordinary share and secondly in repaying to the holders of non-voting deferred shares the nominal amount paid up or credited as paid up on such shares, and the balances of the GNS's assets shall belong to and be distributed among the holders of ordinary shares in proportion to the amount paid up or credited as paid up on such ordinary shares respectively.

Save as disclosed above, at 30th September, 2011, none of the directors nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

At 30th September, 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the issued share capital of the Company and these interests represent long positions in the ordinary shares of HK\$0.1 each of the Company.

Long positions

(a) Ordinary Shares of HK10 cents each of the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Honeylink Agents Limited	Beneficial owner	1,232,252,583	27.55%
D.E. Shaw Valence Portfolios, L.L.C. and D.E. Shaw Valence International Inc.	Beneficial owner	250,000,000	5.59%
Shin Kong Capital Fund Segregated Portfolio	Beneficial owner	224,000,000	5.01%

(b) Long positions in the underlying shares – Warrants of the Company

	Capacity	Number of warrants held	Number of underlying shares
Honeylink Agents Limited	Beneficial owner	840,000,000	840,000,000

(c) Long positions in the underlying shares – share options of the Company

	Capacity	Number of options held	Number of underlying shares
Shin Kong Capital Management Inc.	Beneficial owner	224,000,000	224,000,000

SUBSTANTIAL SHAREHOLDERS *(continued)*

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30th September, 2011.

ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS

The share option scheme (the "Option Scheme") of the Company was adopted by the Company pursuant to a resolution passed on 16th May, 2002. The Option Scheme became effective on 6th June, 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The major terms of the Option Scheme has been set out in appendix VII to the Company's prospectus dated 24th May, 2002 under the section headed "Share Option Scheme".

At 30th September, 2011, the total number of shares available for issue under the Option Scheme was 424,947,595, representing 10% of the shares of the Company in issue at the date of approval of the refreshment of the share Option Scheme limit. No share option was exercised during the period.

The following table discloses details of the Company's share options granted and movements in such holdings during the period:

Option grant date	Number of share option				Outstanding as at 30th September, 2011
	Outstanding as at 1st April, 2011	Reallocated upon change of directorate	Granted during the period	Forfeited during the period	
Employees and Services providers					
10th August, 2010 <i>(notes (a) & (b))</i>	115,800,000	(15,000,000)	-	(6,000,000)	94,800,000
Director					
10th August, 2010 <i>(notes (a) & (b))</i>	-	15,000,000	-	-	15,000,000
	<u>115,800,000</u>	<u>-</u>	<u>-</u>	<u>(6,000,000)</u>	<u>109,800,000</u>

ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS *(continued)*

Notes:

- (a) On 10th August, 2010, the Company had granted 115,800,000 share options to certain employees and services providers relating to its then jointly controlled entities, Great China and GWE. The purpose of granting the options is to provide incentive and reward to those employees and services providers making contribution to, and continuing efforts to promote the interest of and develop the businesses of Great China and GWE.

The terms of the outstanding share options at 30th September, 2011 granted to employees are as follows:

- a. 22,300,000 options are exercisable within next 12 months from 9th February, 2011 which is the end of the vesting period for the first batch of options;
- b. 22,300,000 options are exercisable with the next 12 months from 9th February, 2012; which is the end of the vesting period for the second batch of options;
- c. 23,300,000 options are exercisable within the next 12 months from 9th February, 2013; which is the end of the vesting period for the third batch of options;
- d. The right of the options would automatically expire (i) when employee cease employment with Great China and GWE or (ii) three years after 9th February, 2011, whichever is the earlier.

Remaining 41,900,000 share options were granted to services providers. The fair value of these options amounting to HK\$802,000 were recognised as other expense in current financial period.

The closing price of the Company's share immediately before the date of grant of share options was HK\$0.50 per share.

The Directors of the Company considered that the fair value of the services received cannot be estimated reliably. The Group measured the value of the services and the corresponding increase in equity by reference to the fair value of the options granted.

The estimated fair value of the 115,800,000 options granted was HK\$11,773,000. The Group amortised the expenses over the vesting periods and recognised amounts of HK\$1,299,000 and HK\$802,000 as staff costs and other expenses, respectively, during the period.

- (b) Mr. Lung Hon Lui was appointed as an executive director of the Company on 28th April, 2011.

ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS (continued)

Save as disclosed above and the long positions in the warrants as mentioned in “Directors’ Interests in Shares”, at no time during the period was the Company, its ultimate holding company or any subsidiaries of its ultimate holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such rights during the period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the current period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed shares of the Company.

AUDIT COMMITTEE

The audit committee has four members comprising Messrs. Liu Chun Ning, Wilfred, Li Sau Hung, Eddy, Man Kong Yui and Kwong Chi Kit, Victor, all being independent non-executive directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee has reviewed with directors the accounting principals and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated interim financial statements for the current period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the period ended 30th September, 2011 with the Code on Corporate Governance Practices (“CG Code”) as set out by the Hong Kong Stock Exchange in Appendix 14 to the Listing Rules except for the deviations summarised as follows:

CG Code provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term subject to re-election. The non-executive Directors of the Company are not appointed for specific terms but subject to retirement by rotation and re-election at the annual general meeting of the Company according to the provisions of the Articles of Association.

CODE ON CORPORATE GOVERNANCE PRACTICES (continued)

CG Code provision A.2.1 stipulates that the roles of chairman and CEO should be separate and should not be performed by the same individual. In previous years and during the period ended 30th September, 2011, Mr. Hung Hon Man was the chairman of the Company and has also carried out the responsibility of CEO. In order to comply with the CG Code and ensure clear distinction between the chairman's and CEO's responsibilities, Mr Hung Sui Kwan was on 28th April, 2011 appointed as executive Director and CEO of the Company. The chairman provides leadership and is responsible for the effective functioning of the Board and leading overall corporate strategies while the CEO focuses on overseeing the Group's operation and implementing objectives, policies and strategies approved by the Board.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the directors. All directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

By order of the Board
Hung Hon Man
Chairman

Hong Kong, 29th November, 2011

As at the date of this report, Mr. Hung Hon Man, Mr. Cham Wai Ho, Anthony, Mr. Shum Kin Wai, Frankie, Mr. Hung Sui Kwan, Mr. Lung Hon Lui and Mr. Chiang Chun Yi are executive directors of the Company. Mr. Liu Chun Ning, Wilfred, Mr. Li Sau Hung, Eddy, Mr. Man Kong Yui and Mr. Kwong Chi Kit, Victor are independent non-executive directors of the Company.