Get Nice Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code : 64

Interim Report 2012

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, 2012 together with comparative figures for the last corresponding period. The unaudited condensed consolidated interim financial statements for the six months ended 30th September, 2012 have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30th September,	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Revenue	2	**260,442**	423,756
Other operating income		**1,325**	2,271
Other gains and losses		**(9,005)**	(15,164)
Depreciation		**(49,674)**	(57,496)
Amortisation of prepaid lease payments		**(19,226)**	(19,320)
Commission expenses		**(57,563)**	(214,506)
Staff costs		**(39,708)**	(42,917)
Consumables used		**(13,696)**	(17,416)
Other expenses		**(80,851)**	(88,430)
Finance costs		**(5,701)**	(7,622)
Loss before taxation		**(13,657)**	(36,844)
Taxation	3	**(2,856)**	(12,105)
Loss for the period		**(16,513)**	(48,949)
Other comprehensive income			
Exchange difference arising on translation		**(57)**	(39)
Total comprehensive expense for the period		**(16,570)**	(48,988)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

		Unaudited Six months ended 30th September,	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Profit (loss) attributable to:			
Owners of the Company		**3,377**	(16,224)
Non-controlling interests		**(19,890)**	(32,725)
		(16,513)	(48,949)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**3,320**	(16,263)
Non-controlling interests		**(19,890)**	(32,725)
		(16,570)	(48,988)
Dividends	4	**89,470**	89,470
Earnings (loss) per share	5		
Basic and diluted		**0.08 cents**	(0.36) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited At 30th September, 2012 HK$'000	Audited At 31st March, 2012 HK$'000
Non-current assets			
Prepaid lease payments		**583,716**	603,288
Property and equipment		**907,394**	950,194
Construction in progress		**15,103**	5,851
Investment properties		**1,499,900**	1,499,900
Intangible assets		**8,955**	8,955
Goodwill		**15,441**	15,441
Other assets		**3,164**	2,903
Deferred tax assets		**716**	716
Loans and advances	7	**6,712**	1,376
Deposits		**50,000**	50,000
Investments in securities		**42,915**	38,850
		3,134,016	3,177,474
Current assets			
Accounts receivable	6	**1,383,388**	1,472,151
Loans and advances	7	**90,373**	68,809
Amounts due from non-controlling shareholders		**5,885**	5,885
Prepaid lease payments		**38,807**	38,957
Inventories		**1,884**	1,683
Prepayments, deposits and other receivables		**10,137**	68,250
Taxation recoverable		**781**	1,617
Investments in securities		**18,177**	28,087
Derivatives		**–**	1,710
Bank balances – client accounts		**174,174**	171,209
Bank balances – general accounts and cash		**274,101**	184,371
		1,997,707	2,042,729
Asserts classified as held for sale		**–**	62,893
		1,997,707	2,105,622

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	**Unaudited At 30th September, 2012** *HK$'000*	Audited At 31st March, 2012 *HK$'000*
Current liabilities			
Accounts payable	8	**239,705**	254,646
Accrued charges and other accounts payable		**24,858**	27,673
Amounts due to non-controlling shareholders		**417,827**	403,713
Taxation payable		**11,680**	8,374
Bank borrowings		**171,297**	169,225
		865,367	863,631
Net current assets		**1,132,340**	1,241,991
Total assets less current liabilities		**4,266,356**	4,419,465
Non-current liabilities			
Bank borrowings		**246,402**	332,502
Deferred tax liabilities		**157,107**	163,318
		403,509	495,820
Net assets		**3,862,847**	3,923,645
Capital and reserves			
Share capital		**447,348**	447,348
Reserves		**3,001,523**	3,042,431
Equity attributable to owners of the Company		**3,448,871**	3,489,779
Non-controlling interests		**413,976**	433,866
Total equity		**3,862,847**	3,923,645

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, 2012	447,348	2,289,139	123,337	6,399	29,612	222	593,722	3,489,779	433,866	3,923,645
Profit (loss) for the period	–	–	–	–	–	–	3,377	3,377	(19,890)	(16,513)
Other comprehensive income for the period Exchange differences arising on translation	–	–	–	–	–	(57)	–	(57)	–	(57)
Total comprehensive income (expense) for the period	–	–	–	–	–	(57)	3,377	3,320	(19,890)	(16,570)
Dividend recognised as distribution	–	–	–	–	–	–	(44,735)	(44,735)	–	(44,735)
Release upon expiry of share option granted	–	–	–	–	(3,735)	–	3,735	–	–	–
Recognition of share based payment expenses	–	–	–	–	507	–	–	507	–	507
At 30th September, 2012	447,348	2,289,139	123,337	6,399	26,384	165	556,099	3,448,871	413,976	3,862,847
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 expense 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	447,348	2,289,139	123,337	3,671	29,817	240	766,669	3,660,221	483,401	4,143,622

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30th September, 2012 HK$'000	2011 HK$'000
Net cash from operating activities	**158,884**	228,835
Net cash from investing activities	**45,552**	37,588
Net cash used in financing activities	**(114,649)**	(255,650)
Net increase in cash and cash equivalents	**89,787**	10,773
Effect on foreign exchange rate changes	**(57)**	(39)
Cash and cash equivalents at beginning of period	**184,371**	164,292
Cash and cash equivalents at end of period	**274,101**	175,026
Being:		
Bank balances – general accounts and cash	**274,101**	175,026

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2012

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.

This unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's financial statements for the year ended 31 March 2012, except for the adoption of the following amendments in the current interim period.

HKFRS 7 (Amendment)	Disclosures – Transfer of Financial Assets
HKAS12 (Amendment)	Deferred Tax: Recovery of Underlying Asset

The adoption of the above amendments has had no material impact on the Group's results and financial position for the current and prior periods.

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, 2012

	Hotel and entertainment HK$'000	Broking HK$'000	Securities margin financing HK$'000	Money lending HK$'000	Corporate finance HK$'000	Investments HK$'000	Consolidated HK$'000
SEGMENT REVENUE	179,905	17,089	57,498	5,136	300	514	260,442
SEGMENT PROFIT (LOSS)	(59,154)	(58)	57,444	4,992	4	(13,160)	(9,932)
Unallocated corporate expenses							(3,725)
Loss before taxation							(13,657)
Taxation							(2,856)
Loss for the period							(16,513)

For the six months ended 30th September, 2011

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

2. Segment information *(Continued)*

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

As at 30th September, 2012 (Unaudited)

	Hotel and entertainment *HK$'000*	Broking *HK$'000*	Securities margin financing *HK$'000*	Money lending *HK$'000*	Corporate finance *HK$'000*	Property development *HK$'000*	Investments *HK$'000*	Consolidated *HK$'000*
SEGMENT ASSETS	3,007,299	394,016	1,461,700	97,900	6,575	9,099	145,078	5,121,667
Unallocated assets								10,056
Consolidated total assets								5,131,723
SEGMENT LIABILITIES	866,410	118,000	114,802	614	87	100	75	1,100,088
Unallocated liabilities								168,788
Consolidated total liabilities								1,268,876

As at 31st March, 2012 (Audited)

	Hotel and entertainment *HK$'000*	Broking *HK$'000*	Securities margin financing *HK$'000*	Money lending *HK$'000*	Corporate finance *HK$'000*	Property development *HK$'000*	Investments *HK$'000*	Consolidated *HK$'000*
SEGMENT ASSETS	3,109,466	328,209	1,566,436	70,999	6,790	9,200	183,362	5,274,462
Unallocated assets								8,634
Consolidated total assets								5,283,096
SEGMENT LIABILITIES	935,416	134,485	116,398	618	70	200	572	1,187,759
Unallocated liabilities								171,692
Consolidated total liabilities								1,359,451

Geographical information

The Group's hotel and entertainment operations are located in Macau while other segments operations are located in Hong Kong. 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.

3. Taxation

	Six months ended 30th September,	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current period	**8,236**	12,105
Deferred taxation	**(5,380)**	–
	2,856	12,105

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

4. Dividends

	Six months ended 30th September,	
	2012	2011
	HK$'000	*HK$'000*
Final dividend paid	**44,735**	44,735
Proposed interim dividend of HK1.0 cent (2011: HK1.0 cent) per share	**44,735**	44,735
	89,470	89,470

On 12th September, 2012, a dividend of HK1.0 cent per share was paid to shareholders as the final dividend for the year ended 31st March, 2012.

At a meeting held on 28th November, 2012, the directors recommended an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2012 to the shareholders whose names appear in the register of members on 18th December, 2012. 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, 2013.

5. Earnings (loss) per share

	Six months ended 30th September, 2012 HK$'000	2011 HK$'000
Earnings (loss)		
Profit (loss) for the purpose of basic and diluted earnings (loss) per share	**3,377**	(16,224)

	2012 '000	2011 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**4,473,476**	4,473,476

Note: The computation of diluted earnings per share for the current period does not assume the exercise of the Company's outstanding share options and warrants as the exercise prices of those options and warrants are higher than the average market price for shares and their exercise would result in a decrease in loss per share for the period of 2011.

6. Accounts receivable

	At 30th September, 2012 *HK$'000*	At 31st March, 2012 *HK$'000*
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	**14,044**	32,315
– Margin clients:		
– Directors and their associates	**797**	–
– Other margin clients	**1,366,087**	1,441,504
– Hong Kong Securities Clearing Company Limited	**–**	148
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts	**5,803**	4,398
Accounts receivable from providing financial advisory services	**–**	100
Accounts receivable from hotel and entertainment operations	**12,594**	9,623
	1,399,325	1,488,088
Less: Impairment allowance	**(15,937)**	(15,937)
	1,383,388	1,472,151

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$62,000 (2012: HK$379,000) 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, 2012	At 31st March, 2012
	HK$'000	*HK$'000*
0 – 30 days	**54**	368
31 – 60 days	**8**	11
	62	379

The accounts receivable from cash clients with a carrying amount of HK$13,982,000 (2012: HK$31,936,000) 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$3,935,571,000 (2012: HK$4,019,830,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand and carry interest at Hong Kong prime rate + 2.24% to 4.25% (2012: Hong Kong prime rate + 2.25% to 4.25%). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collaterals held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

6. Accounts receivable *(Continued)*

Included in accounts receivable from margin clients arising from the business of dealing in securities is amount due from a related party. The details are as follows:

Name	Balance at 1st April, 2012 HK$'000	Balance at 30th September, 2012 HK$'000	Maximum amount outstanding during the period HK$'000	Market value of pledged securities at fair value at 30th September, 2012 HK$'000
A director of the Company				
Mr. Lung Hon Lui	–	797	5,332	52,176

The above balances are repayable on demand and bear interest at commercial rates which are similar to the rates offered to other margin clients.

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 creditworthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period.

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, 2012 ***HK$'000***	At 31st March, 2012 *HK$'000*
0 – 30 days	**10,044**	7,873
31 – 60 days	**2,550**	1,617
61 – 90 days	**–**	133
	12,594	9,623

The accounts receivable from hotel and entertainment operations with a carrying amount of HK$12,594,000 (2012: HK$9,490,000) are neither past due nor impaired and with a carrying amount of nil (2012: HK$133,000) are past due over 30 days but not impaired at the end of the reporting period. The directors of the Company are of the opinion that the amounts are recoverable.

7. Loans and advances

	At 30th September, 2012 *HK$'000*	At 31st March, 2012 *HK$'000*
Fixed-rate loan receivables	**104,193**	77,322
Less: allowance for impaired debts	**(7,108)**	(7,137)
	97,085	70,185
Secured	**68,562**	49,162
Unsecured	**28,523**	21,023
	97,085	70,185
Analysed as:		
Current assets	**90,373**	68,809
Non-current assets	**6,712**	1,376
	97,085	70,185
Effective interest rate:		
Fixed-rate loan receivables	**10% – 24%**	10% – 24%

At 30th September, 2012, certain loans and advances are secured by pledged properties with an aggregate fair value of HK$209,500,000 (2012: HK$108,750,000).

The Group determines the allowance for impaired debts based on the evaluation of collectability and ageing analysis of accounts and on management's judgment, including assessment of change of credit quality, collateral and the past collection history of each customer. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors of the Company believe that the allowance for impaired debts is sufficient.

7. Loans and advances *(Continued)*

Movement in the allowance for impaired debts is as follows:

	At 30th September, 2012 *HK$'000*	At 31st March, 2012 *HK$'000*
Balance at beginning	**7,137**	14,668
Charge	**–**	4,472
Reversal	**(29)**	(3)
Write-off	**–**	(12,000)
Balance at end	**7,108**	7,137

Included in the Group's loans and advances are individually impaired customers with an aggregate balance of HK$7,286,000 (2012: HK$7,347,000). 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. After taking into account collateral held for certain impaired loans and advances which are properties situated in Hong Kong, an impairment of HK$7,108,000 (2012: HK$7,137,000) was made. No further impairment allowance was considered necessary based on the Group's evaluation of collectability.

As at 30th September, 2012, included in the Group's loans and advances are debtors with a carrying amount of nil (2012: HK$7,000,000) which are past due for more than 60 days but not impaired. The directors of the Company considered such debts as recoverable since the amounts were subsequently settled and thus no impairment allowance was considered necessary.

The loans and advances with a carrying amount of HK$96,907,000 (2012: HK$62,975,000) 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.

8. Accounts payable

	At 30th September, 2012 *HK$'000*	At 31st March, 2012 *HK$'000*
Accounts payable arising from the business of dealing in securities:		
– Cash clients	**73,037**	71,105
– Margin clients	**115,084**	116,963
– Clearing houses	**16,076**	43,525
Accounts payable to clients arising from the business of dealing in futures contracts	**14,035**	11,078
Accounts payable arising from hotel and entertainment operations	**21,473**	11,975
	239,705	254,646

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% (2012: 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.

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 nil (2012: HK$1,068,000).

The average credit period granted by the suppliers or service providers of hotel and entertainment operations 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.

8. Accounts payable *(Continued)*

	At 30th September, 2012 *HK$'000*	At 31st March, 2012 *HK$'000*
0 – 30 days	**15,802**	8,477
31 – 60 days	**5,069**	3,060
61 – 90 days	**105**	76
Over 90 days	**497**	362
	21,473	11,975

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:

- *Capital risk management*

  The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the amounts due to non-controlling shareholders and bank borrowings and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings as disclosed in condensed consolidated statement of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

- *Market risk*

  Interest rate risk

  The Group is exposed to cash flow interest rate risk in relation to accounts receivable, bank balances and bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate loans and advances, convertible notes and debt securities held by the Group. The Group currently does not have an interest rate hedging policy. However, the Group closely manages 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 and investment fund. 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*

  In the opinion of the directors of the Company, the currency risk exposure is not significant as most of the transactions and financial assets and liabilities of the group entities are denominated in the functional currency of the respective entities and, in the case of Macau Pataca ("MOP"), the exposure is limited as MOP is pegged to HK$.

- *Credit risk*

  As at 30th September, 2012, 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 heath of a particular industry segment, could result in losses that are difference 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.

- *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. In addition, for contingency purposes, clean loan facilities are put in place.

10. Related Party Transactions

In addition to the balance detailed in note 6, the Group had the following transactions with related parties.

Name of related party	Nature of transaction	Unaudited Six months ended 30th September, 2012 HK$'000	2011 HK$'000
Directors of the Company			
Messrs. Shum Kin Wai, Frankie, Cham Wai Ho, Anthony, and Lung Hon Lui	Commission income *(Note i)*	**127**	141
Messrs. Lung Hon Lui and Hung Hon Man's associate	Interest income *(Note ii)*	**100**	994
Substantial shareholder			
Honeylink Agents Limited	Commission income *(Note i)*	**12**	285

Notes:

(i) Commission was charged at 0.1% to 0.125% on the total value of transactions for both periods.

(ii) Interest was charged at Hong Kong Prime Rate +2% on the outstanding balance of margin loans for both periods.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Unaudited Six months ended 30th September, 2012 HK$'000	2011 HK$'000
Short-term employee benefits	**2,413**	2,851
Post-employment benefits	**62**	63
Share-based payment	**124**	316
	2,599	3,230

The remuneration of directors and other members of key management is determined by the performance of individuals and market trends.

INTERIM DIVIDEND

The directors have declared an interim dividend of HK1.0 cent per share for the six months ended 30th September, 2012. The interim dividend will be payable on 28th December, 2012 to those shareholders whose names appear on the register of members on 18th December, 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on the following time period during which no transfer of shares of the Company will be registered:

For entitlement to interim dividend	:	17th December, 2012 – 18th December, 2012, both dates inclusive (Record date being 18th December, 2012)

In order to qualify for entitlement to the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar. Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 14th December, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

For the period ended 30th September, 2012, the Group's turnover was HK$260 million, representing a decrease of 39% as compared with HK$424 million in the corresponding period last year. Revenue from hotel and entertainment business amounted to HK$180 million, dropped by 43% as compared to HK$316 million for the same period last year, whereas revenue from financial services business amounted to HK$80 million, a decrease of 26% as compared to HK$108 million in the corresponding period last year.

The Group reported profit attributable to owners of the Company of HK$3 million (2011: loss of HK$16 million). Basic earnings per share for the period was HK0.08 cents (2011: basic loss per share were HK0.36 cents).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Hotel and Entertainment Business

Industry Review

After years of tremendous growth and affected by the Chinese government's heightened macroeconomic tightening measures, the hotel and entertainment market in Macau begins to show signs of slowdown in the second quarter of 2012. Income from the gambling section amounted to HK$145 billion for the six months ended 30th September, 2012, representing an increase of 10% from the same period last year. Macau's gaming market is primarily dependent on tourists. Tourists arrivals for the six months ended 30th September, 2012 were 13.9 million compared to 14.2 million for the same period last year, representing a decrease of 2%. Of the 13.9 million visitors, 90% came from mainland China, Hong Kong, and Taiwan. As at 31st August, 2012, there were 24,266 hotel rooms with the average occupancy rate of 83% and as at 30th September, 2012, there were 5,497 gaming tables in Macau, compared to 12,978 hotel rooms and 2,762 gaming tables as at 31st December, 2006.

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. The revenue of this segment for the six months ended 30th September, 2012 amounted to HK$180 million (2011: HK$316 million), accounting for 69% of the total revenue of the Group. This segment reported a loss of HK$ 59 million (2011: HK$93 million) of which the Group shared 65%. Depreciation and amortization of prepaid lease payments for this segment amounted to HK$68 million (2011: HK$73 million). Significant decrease in turnover of this segment was mainly attributed to less revenue contributed from the VIP table games as the Group had shifted its focus on the mass table games in response to changing market demand and industry competition. This change together with other favourable factors reduced the loss suffered from the entertainment business to HK$25 million as compared to the loss of HK$44 million for the same period last year. Combining this with more revenues from the hotel business, the loss from this segment decreased to HK$59 million as compared to the loss of HK$93 million for the same period last year.

The casino at Grand Waldo complex is run by the license holder Galaxy Casino S.A. As at 30th September, 2012, the Group had 27 tables for the mass market halls, 11 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Hotel and Entertainment Business *(continued)*

Business Review (continued)

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 83% with an average daily room rate of HK$804. The ongoing renovation entails the modern-fashioned guest rooms to bring consistent improvement in room rates with high occupancy rate.

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. During the period, Grand Waldo's spa centre had serviced an average of 7,500 guests per month, making satisfactory income contribution to the Group.

OUTLOOK

The Group's performance will remain susceptible to the prevailing economic conditions in mainland China and Asia and the level of visitation to Macau, as well as the competitive situation among the casino operators in Macau. During this period, the Group is committed to maintaining its strength in the mid-end mass market while striving to improve its operating efficiency. The Group is optimistic regarding its performance for the rest of the year.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL SERVICES BUSINESS

Market Review

The global market environment continued to be a challenge for the financial services industry. Anxiety over the Eurozone, slower growth in China and the uncertainty about the U.S. economic recovery took a toll on global markets. Under such a challenging macro-economic environment, investors have been reducing their exposures in equities. As a result, trading in equities for the six months ended 30th September, 2012 was considerably lower with an average daily turnover of HK$48 billion, a 33% reduction from the same period last year, though the Hang Seng Index rose by 18% to close at 20,840 at 30th September, 2012, compared to that on 30th September, 2011.

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$17 million (2011: HK$38 million), accounting for 7% of total revenue. Of the HK$17 million, the Group's underwriting and placing businesses contributed revenue of HK$2.5 million (2011: HK$6 million). The broking segment reported a loss of HK$58,000 for the period (2011: profit of HK$9 million). Significant decline in revenue and loss of the broking segment for the period was due to shrinkage of the market turnover, weak retail equity market sentiment and less corporate finance activities.

The Group's margin lending business remained relatively stable. The interest income from margin financing amounted to HK$57 million for the period under review (2011: HK$64 million), accounting for 22% of total revenue. This business contributed a segmental profit of HK$57 million (2011: HK$64 million). The Group's margin loan book at the period end stood at HK$1,367 million (2012: HK$1,442 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$5 million (2011: HK$4 million), representing an increase of 21%. The increase in profit was due to the loan principal growth during the period.

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 profit of HK$4,000 for the period (2011: loss of HK$72,000).

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$13 million (2011: HK$16 million), mainly attributable to a decrease in fair value of financial instruments. As at 30th September, 2012, the Group held a portfolio of equity and debt securities and convertibles notes with a total fair value of HK$61 million (2012: HK$69 million).

OUTLOOK

It is generally anticipated that the sovereign debt crisis in several European countries will persist in the rest of the year, the global economy will be affected by various uncertainties and the recovery outlook will be far from optimistic. Under the uncertainties around the globe, the Hong Kong stock market is likely to trade within a range in the next 12 months.

The Group will continue to take a prudent approach when it seeks opportunities for sustained growth and remains vigilant on costs.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review

Financial Resources and Gearing Ratio

The equity attributable to owners of the Company amounted to HK$3,449 million as at 30th September, 2012, representing a decrease of HK$41 million, or 1% from that of 31st March, 2012. The decrease was mainly attributed to the profit for the period and dividend payment.

The Group's net current assets as at 30th September, 2012 amounted to HK$1,132 million (2012: HK$1,242 million) and the liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities) was 2.3 times (2012: 2.4 times). The Group's cash on hand amounted to HK$274 million as at 30th September, 2012 (2012: HK$184 million). As at 30th September, 2012, the Group's total bank borrowings amounted to HK$417 million (2012: HK$502 million). Of this, HK$171 million was repayable within one year, and HK$246 million was repayable after one year. As at 30th September, 2012, the Group had unutilised banking facilities amounting to HK$1,449 million (2012: HK$1,365 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, 2012, the Group's gearing ratio (total liabilities over equity attributable to owners of the Company) was 0.37 time (2012: 0.39 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, 2012, the Group did not have any material outstanding capital commitment.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review (continued)

Charges on Group Assets

As at 30th September 2012, investment properties, leasehold land, land and building, prepaid lease payments and hotel complex of the Group with a carrying amount of HK$2,686 million (2012: HK$2,750 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, associate or jointly controlled entities completed during the period.

Employee Information

As at 30th September, 2012, the Group had 679 employees (2011: 689). 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$40 million (2011: HK$43 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, 2012, 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 *(note)*	1,342,018,583	29.99%
Mr. Lung Hon Lui	Beneficial owner	3,000,000	0.07%

Note: Mr. Hung Hon Man is deemed to be interested in 1,342,018,583 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 – unlisted warrants of the Company

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

Note: Mr. Hung Hon Man is deemed to be interested in 1,342,018,583 ordinary shares and 840,000,000 unlisted 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, 2012, 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, 2012, 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	1,342,018,583	29.99%

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

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

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, 2012.

ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS

The 2002 Share Option Scheme of the Company having expired on 5th June, 2012 and the Company has adopted a New Share Option Scheme on 24th August, 2012 to comply with the new requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The purpose of the New Share Option Scheme is to provide an incentive for the eligible participants to work with commitment towards enhancing the value of the Company and to retain and attract employees and working partners whose contributions are beneficial to the growth and development of the Group. The directors of the Company have the discretion to grant to employees and directors of any member of the Group to subscribe for shares in the Company.

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

	Number of share option			
Option grant date	**Outstanding as at 1st April, 2012**	**Granted during the period**	**Forfeited during the period**	**Outstanding as at 30th September, 2012**
Employees and Services providers				
10th August, 2010 *(notes)*	96,800,000	–	(17,000,000)	79,800,000
Director				
10th August, 2010 *(notes)*	15,000,000	–	–	15,000,000
	111,800,000	–	(17,000,000)	94,800,000
Exercisable at the end of the period				53,200,000

ARRANGEMENTS TO PURCHASE SHARES AND OPTIONS *(continued)*

Notes:

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 Company Limited ("Great China") and Grand Waldo Entertainment Limited ("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 share options granted to employees are as follows:

a. 24,300,000 options are exercisable within the next 12 months from 9th February, 2011 which is the end of the vesting period for the first batch of options;

b. 24,300,000 options are exercisable within the next 12 months from 9th February, 2012; which is the end of the vesting period for the second batch of options;

c. 25,300,000 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 the employee ceases 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 in August 2010. There was no new share options granted to employees and services providers in the current 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$507,000 (2011: HK$1,299,000) as staff costs during the period.

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 three members comprising Messrs. Liu Chun Ning, Wilfred, 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.

CORPORATE GOVERNANCE CODE

The Stock Exchange of Hong Kong Limited made various amendments to the Code on Corporate Governance Practices (the "Former Code") contained in Appendix 14 to the Listing Rules and renamed it to Corporate Governance Code (the "CG Code"). The CG Code took effect on 1st April 2012.

The Company has complied throughout the period ended 30th September, 2012 with the CG Code 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.

CORPORATE GOVERNANCE CODE *(continued)*

Pursuant to Code A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings of the Company. Two independent non-executive directors were unable to attend the annual general meeting of the Company held on 24th August, 2012 as they had other important business engagements at that relevant time.

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, 28th November, 2012

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 and Mr. Lung Hon Lui are executive directors of the Company. Mr. Liu Chun Ning, Wilfred, Mr. Man Kong Yui and Mr. Kwong Chi Kit, Victor are independent non-executive directors of the Company.