DORE HOLDINGS LIMITED

多金控股有限公司 *

(incorporated in Bermuda with limited liability)

(stock code: 628)

INTERIM RESULT ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the "Board") of Dore Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2010 together with the comparative figures. The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

		Six months ended 30 September	
		2010	2009
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Turnover	*3*	**34,891**	263,221
Cost of sales		**–**	–
Gross profit		**34,891**	263,221
Other revenue	*4*	**5**	4
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost		**–**	192,825
Administrative expenses		**(3,917)**	(4,431)
Equity-settled share-based payments		**–**	(2,553)
Fair value changes on financial assets at fair value through profit or loss		**1,785**	27,465
Fair value changes on derivative financial instruments		**(2,211)**	6,681
Loss on disposal of subsidiaries	*13*	**(60,322)**	(16,257)
Loss on early repayment of promissory note	*12*	**(38,447)**	(337)
Loss on cancellation of promissory notes		**–**	(67,714)
Loss on cancellation of convertible bond		**(81,931)**	(122,698)
Impairment loss recognised in respect of intangible assets	*10*	**(243,870)**	(777,803)
Impairment loss recognised in respect of goodwill		**–**	(46,270)

* *For identification purpose only*

		Six months ended 30 September	
		2010	2009
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Loss from operations	*5*	**(394,017)**	(547,867)
Finance costs	*6*	**(22,162)**	(86,701)
Loss before taxation		**(416,179)**	(634,568)
Taxation	*7*	**875**	2,745
Loss for the period		**(415,304)**	(631,823)
Other comprehensive income for the period, net of tax		**–**	–
Total comprehensive expense for the period		**(415,304)**	(631,823)
Loss for the period attributable to owners of the Company		**(415,304)**	(631,823)
Total comprehensive expense attributable to owners of the Company		**(415,304)**	(631,823)
Loss per share			
– Basic and diluted	*9*	**(HK28.89) cents**	(HK2.04) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Notes	As at 30 September 2010 HK$'000 (Unaudited)	As at 31 March 2010 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**23**	24
Intangible assets	*10*	**113,539**	357,409
		113,562	357,433
Current assets			
Accounts receivable	*11*	**1,587**	4,532
Deposits and other receivables		**76**	176
Financial assets at fair value through profit or loss		**48,646**	46,862
Derivative financial instruments		**592**	6,675
Cash and bank balances		**32,966**	98,390
		83,867	156,635
Assets classified as held for sale		**–**	463,570
		83,867	620,205
Less: **Current liabilities**			
Other payables and accruals		**5,433**	15,119
		5,433	15,119
Liabilities directly associated with assets classified as held for sale		**–**	16
		5,433	15,135
Net current assets		**78,434**	605,070
Total assets less current liabilities		**191,996**	962,503

	Notes	As at 30 September 2010 HK$'000 (Unaudited)	As at 31 March 2010 HK$'000 (Audited)
***Less:* Non-current liabilities**			
Promissory notes – due after one year	*12*	**–**	95,145
Convertible bonds – due after one year		**217,026**	507,807
Deferred tax liabilities		**16,436**	51,057
		233,462	654,009
Net (liabilities)/assets		**(41,466)**	308,494
Capital and reserves			
Share capital		**17,459**	13,930
Reserves		**(58,925)**	294,564
Equity attributable to owners of the Company		**(41,466)**	308,494

Notes:

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). These condensed consolidated interim financial statements was approved for issue on 30 November 2010.

These condensed consolidated interim financial statements have not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the Group's annual financial statements for the year ended 31 March 2010, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations described below.

In the current interim period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 April 2010.

HKFRSs (Amendment)	Improvements to HKFRSs – amendments to HKFRS 5
HKFRSs (Amendment)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-Time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Shared-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners

HKFRS 3 (Revised) "Business Combinations" continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted HKFRS 3 (Revised), it is required to adopt HKAS 27 (Revised) "Consolidated and Separated Financial Statements" at the same time. HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions with no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

Save as described above, the new HKFRSs which are effective in this accounting period are not relevant to the Group's operation.

Impact of new and revised HKFRSs not yet effective

HKFRSs (Amendment)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 7 (Amendment)	Disclosures – Transfer of Financial Assets[4]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*

[2] *Effective for annual periods beginning on or after 1 July 2010*

[3] *Effective for annual periods beginning on or after 1 January 2011*

[4] *Effective for annual periods beginning on or after 1 July 2011*

[5] *Effective for annual periods beginning on or after 1 January 2013*

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specially, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

3. TURNOVER AND SEGMENT INFORMATION

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

(a) *Revenue from major services*

All of the Group's revenue for the six months ended 30 September 2010 and 2009 are derived from profit streams from gaming and entertainment related business.

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

(b) *Geographical segments*

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

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

	Non-current assets	
	As at 30 September 2010	As at 31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Macau	**113,539**	357,409
Hong Kong	**23**	24
	113,562	357,433

4. OTHER REVENUE

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**5**	4

5. LOSS FROM OPERATIONS

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

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation	**29**	243
Minimum lease payments under operating leases in respect of land and buildings	**104**	549
Loss on disposal of property, plant and equipment	**–**	22
Loss on disposal of subsidiaries *(Note 13)*	**60,322**	16,257
Impairment loss recognised in respect of goodwill	**–**	46,270
Impairment loss recognised in respect of intangible assets *(Note 10)*	**243,870**	777,803
Staff costs (excluding director's remuneration)		
Salaries and wages	**1,115**	729
Pension scheme contribution	**20**	12
Equity-settled share-based payments		
– employees	**–**	980
– consultants	**–**	1,573
	–	2,553

6. FINANCE COSTS

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Effective interest on promissory notes not wholly repayable within five years	**3,340**	12,061
Effective interest on promissory notes wholly repayable within five years	**–**	701
Effective interest on convertible bonds not wholly repayable within five years	**18,822**	73,939
	22,162	86,701

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising from Hong Kong during the period. The Group has no assessable profit under Hong Kong profits tax for the six months ended 30 September 2010 and 2009. The Group is not subject to any tax in Macau.

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation		
– Hong Kong	**–**	–
Deferred tax liabilities		
Convertible bonds	**875**	2,745
Total tax credited for the period	**875**	2,745

8. DIVIDENDS

The directors have not proposed any interim dividend for the six months ended 30 September 2010.

On 14 July 2009, the directors declared the payment of a final dividend of HK2 cents per share for the year ended 2009. The directors have not proposed any interim dividend for the six months ended 30 September 2009.

9. LOSS PER SHARE

Basic loss per share

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

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	**(415,304)**	(631,823)
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,437,346**	30,922,401

Diluted loss per share

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

Diluted loss per share for the six months ended 30 September 2009 were the same as the basic loss per share. The Company's outstanding convertible bonds and share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible bonds and share options were anti-dilutive.

10. INTANGIBLE ASSETS

	Rights in sharing of profit streams
	HK$'000
Cost	
At 1 April 2010 and 30 September 2010	1,495,278
Accumulated impairment	
At 1 April 2010	1,137,869
Impairment loss recognised for the period	243,870
At 30 September 2010	1,381,739
Carrying amount	
At 30 September 2010 (Unaudited)	**113,539**
At 31 March 2010 (Audited)	357,409

Details of intangible assets are as follows:

	Nove Profit Agreement
	HK$'000
At 1 April 2010	357,409
Impairment loss recognised for the period	(243,870)
At 30 September 2010	**113,539**

Note:

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

(ii) Impairment loss in respect of intangible assets of approximately HK$243,870,000 was recognised during the six months ended 30 September 2010 (at 31 March 2010: HK$794,079,000) by reference to the valuation report issued by Messrs. Grant Sherman Appraisal Limited, independent qualified professional valuers, which valued the intangible assets on discounted cash flow method. The discount rate applied was approximately 19.55% (at 31 March 2010: 20.09%).The main factor contributing to the impairment was the profit generated from the Nove Profit Agreement did not turnout as expected.

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

11. ACCOUNTS RECEIVABLE

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

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

	As at 30 September 2010	As at 31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 15 days	**1,587**	4,532

Included in the Group's accounts receivable balance, no debtors are past due at the date of approval of these condensed consolidated interim financial statements (at 31 March 2010: Nil). The Group does not hold any collateral over these balances.

12 PROMISSORY NOTES

On 8 September 2010, the Second Promissory Note with principal amount of approximately HK$160,000,000 was fully settled. Part of the principal amount of HK$100,000,000 was settled by cash and the remaining principal amount of HK$60,000,000 was settled by share subscription.

The loss on early repayment of promissory note is derived from the difference between the carrying amounts of liability components of approximately HK$98,485,000 and the value of consideration of approximately HK$136,932,000.

13. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 September 2010

On 9 November 2009, the Company entered into a conditional sale and purchase agreement with Mr. Sin Chun Shing. ("Mr. Sin") to sell the entire issued share capital of Team Jade Enterprises Limited ("Team Jade") and its subsidiaries at an initial consideration of HK$500 million. The completion date was on 12 May 2010. The main asset of Team Jade is its 100% equity interest in Top Jade Limited, Leading Century International Limited ("Leading Century), East & West International Limited ("East & West") and Pacific Force Inc. ("Pacific Force"). The main assets of Leading Century, East & West and Pacific Force are the Joli Profit Agreement. The consideration is satisfied by offsetting against the outstanding principal amount of Fifth Convertible Bond I.

The net assets at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Cash and bank balances	821
Deposit and other receivables	8
Property, plant and equipment	456
Rights in sharing of profit streams	437,920
Other payables and accruals	(14)
	439,191
Loss on cancellation of convertible bond	(78,059)
Derecognition of convertible bonds reserve	(5,335)
Loss on disposal of subsidiaries	(60,322)
Total consideration	295,475
Satisfied by:	
Cancellation of convertible bond	295,475
Net cash outflow arising on disposal:	
Cash and bank balances disposed	(821)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With a rapid increase in VIP gaming rooms in the first half of 2010, VIP junkets offer higher rebates and extend unsecured credits to VIP customers aggressively in order to maintain their rolling turnover. As a result, most of the junkets in Macau have encountered liquidity problem due to the difficulties in debt collection.

Our junkets partners even manage their credit risk prudential but, due to the keen competition, the rolling turnover has dropped. The main factors which lead the drop include visa restriction, global financial crisis, decreased liquidity, squeeze in junkets' profit margin and loss of quality VIP customers. Regarding the sustained deterioration on rolling turnover of Joli, the Group had disposed Top Jade Limited, Leading Century International Limited, East & West International Inc. and Pacific Force Inc. which include the Joli Profit Agreement on 12 May 2010. Although the Group's principal business activity in gaming and entertainment related business will be streamlined following the disposal of Joli, the Group continues to have a sufficient level of operations because its interest in the VIP gaming at The Venetian via Triple Gain and the revenue generated is stable.

However, our partner recently maintains strict control over the outstanding receivables and withdraws unsecured credits to VIP customers which finally lead the drop on rolling turnover at The Venetian. As such, our junkets partner cannot meet its profit forecast and a provision in impairment of the Group is required.

The Group still maintains strict control over the outstanding receivables to minimize our credit risk.

FINANCIAL REVIEW

During the six months ended 30 September 2010, the Group was engaged in business stream in relation to gaming and entertainment sector while still keeps an eye on chasing after profitable business.

The turnover of the Group for the first half amounted to HK$34,891,000, representing a 86.74% decrease over the corresponding figure of HK$263,221,000 in 2009. The Group's turnover was significantly lower than that of last year due to the disposal of junkets in May 2010 and Nove's inability to extend more credit to its credit VIP customers.

Similar to 2009, as the Group's revenue is derived from the sharing of profit streams from investments in gaming and entertainment related business in Macau, there is no cost directly associated with it and hence, no cost of sales has been recorded. Gross margin is 100% (2009: 100%). The Group's operating cost is restricted to administrative expenses.

Administrative expenses amounted to HK$3,917,000 for the six months ended 30 September 2010, a 11.60% decrease from HK$4,431,000 for the same period last year. The decrease was mainly attributable to the expenses relating to the promotion, traveling and publicity role.

For the six months ended 30 September 2010, finance costs amounted to HK$22,162,000, a 74.44% decrease as compared to HK$86,701,000 for the same period last year. The main reason was attributable to the decrease of interest arisen on financial instruments due to the cancellation of convertible bond and the promissory note for the disposal of several subsidiaries, capitalization and early repayment.

The Group's net figure still resulted in a net loss position of approximately HK$416,179,000, as compared to the net loss of approximately HK$634,568,000 for 2009. Similar to the interim result of 2009, the net loss was a result of non-cash impairment – a net profit before non-cash items of approximately HK$30,979,000 is a better reflection of the Group's actual operation result. The ultimate loss is a result of the impairment losses due to the inability to achieve the sales forecast.

As there is a general drop in rolling turnover generated by VIPs during the period and the inability to achieve the sales forecast by our business partners, the Group recognized impairment losses in respect of the Nove Profit Agreement approximately HK$243,870,000.

Six-months period ended 30 September 2010:

	HK$'000
Net loss per interim report	(416,179)
Adjusted for non-cash items	
Fair value changes on financial assets at fair value through profit or loss	(1,785)
Fair value changes on derivative financial instruments	2,211
Loss on disposal of subsidiaries	60,322
Loss on early repayment of promissory note	38,447
Loss on cancellation of convertible bond	81,931
Impairment loss recognised in respect of intangible assets	243,870
Notional interest cost convertible bonds and promissory note	22,162
Profit after striping out non-cash item	**30,979**

Basic and diluted loss per share for the six months period were HK28.89 cents (2009: basic and diluted loss per share of 2.04 cents).

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2010, the Group funded its operation mainly through the contribution from its investee company. Financial position of the Group has worsen during the period. During the six months ended 30 September 2010, total assets of the Group were approximately HK$197,429,000 (at 31 March 2010: HK$977,638,000) with net liabilities of approximately HK$41,466,000 (at 31 March 2010: net assets of approximately HK$308,494,000), current liabilities of approximately HK$5,433,000 (at 31 March 2010: HK$15,135,000) and non-current liabilities of approximately HK$233,462,000 (at 31 March 2010: HK$654,009,000).

The Group had net liabilities amounted to approximately HK$41,466,000 at the reporting date (at 31 March 2010: net assets amounted to approximately HK$308,494,000). The decrease was mainly attributable to the impairments of intangible assets to our business markets' recession.

At 30 September 2010, the cash and cash equivalents of the Group amounted to approximately HK$32,966,000 (at 31 March 2010: HK$98,390,000). The decrease was mainly attributable to the early repayment of the promissory note. The Group's current ratio was 15.44 (at 31 March 2010: 40.98).

At 30 September 2010, the non-current liabilities of the Group amounted to approximately HK$233,462,000 (at 31 March 2010: HK$654,009,000), representing the convertible bonds issued for acquiring several subsidiaries and deferred tax liabilities.

Capital Structure

During the six months ended 30 September 2010, the Company issued 352,941,176 ordinary shares of HK$0.01 each at a subscription price of HK$0.17 per share on 8 September 2010 to a subscriber, Mr. Ng Cheuk Fai, in order to settle part of the borrowings in the promissory note.

Borrowings

At 30 September 2010, the Group's borrowings in convertible bonds amounted to approximately HK$217,026,000 (at 31 March 2010: HK$507,807,000) of which all repayable after one year. The decrease was attributed to the cancellation on convertible bond due to the disposal of Joli during the period. On 8 September 2010, the Company settled the borrowings in the promissory note by capitalization and early repayment. At 30 September 2010, the Group's borrowings in the promissory notes were nil (at 31 March 2010: HK$95,145,000)

Charges on Group Assets

At 30 September 2010, none of the Group's assets was pledged to any financial institution for facilities (at 30 September 2009: Nil).

Contingent Liabilities

At 30 September 2010, the Group had no contingent liabilities (at 30 September 2009: Nil).

Foreign Exchange Exposure

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

Employees

At 30 September 2010, the Group has a total of 4 employees (2009: 5 employees). Total staff costs (including directors' emoluments) during the period amounted to approximately HK$1,351,000 (at 30 September 2009: HK$2,360,000). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee and the Board of the Company on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. The Group has also implemented a share option scheme to reward eligible employees (including executive Directors) according to their individual performance. During the period, all share options which had been granted on last year has been lapsed.

PROSPECTS

The directors consider that the Macau VIP gaming business is highly sensitive to economic cycles and highly volatile. As such, outlook for the future of Macau gaming sector is not that positive.

Hence, the Company has adopted the painful move in disposing the profit streams from Joli and has prepared for this through

(1) adopting the prudent policy;

(2) remain focusing on improving operational efficiencies; and

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

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

Introduction of a new substantial shareholder, Sur Limited by way of the issue of new shares of the Company on 19 October 2010 is not only represent an excellent opportunity for the Company to strengthen the Group's financial position and enhance the Group's flexibility for exploring new investment opportunities in different industries other than the Group's existing businesses, but also introduce the Sur Limited as a strategic investor to the Group.

Sur Limited's beneficial owner Mr. Yeung Heung Yeung, is currently the Chairman of the Shenzhen Resources Investment & Development Co., Ltd.. A Masters Graduate of Tsinghua University, he brings a wealth of management and technical expertise in the petrochemical, real estate, high-tech and biomedical (Gene Therapy, Cell Therapy and Stem Cell Therapy) industries. Additionally, he has over 10 years of investment management experience and is currently a Partner of SAIF (Beijing) Advisors Ltd.. With Mr. Yeung's impressive background and experience in different business areas, he will bring new opportunities, contacts as well as new investment and operational ideas to the Company.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2010 (2009: Nil).

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHARE OPTIONS

During the period, the interests of the directors and chief executive of the Company in the shares and share options of the Company, as recorded in the register (the "Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long position:

(a) Ordinary shares of HK$0.01 each of the Company

Name	Capacity	Interest in shares	Interest in underling shares	Total interest	Percentage of the issued share capital of the Company
Yao Wai Kwok Daniel	Beneficial owner	Nil	9,280,000	9,280,000	0.99%

(b) Share options

Name	Capacity	Interest in underling shares	Number of underlying shares
Yao Wai Kwok Daniel	Beneficial owner	9,280,000	9,280,000

On 12 August 2010, the share options were expired and the number of underling shares became nil.

At 30 September 2010, none of the directors nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company and its associated corporation, as recorded in the register (the "Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SHARE OPTION SCHEME

The Company adopted its share option scheme on 6 July 2002. The principal terms of the share option scheme were disclosed in the Company's 2010 annual report. Details of movements in the Company's share options during the six months ended 30 September 2010 are set out as follows:

		Number of share options										
Participants	Share Option type	Outstanding at 1 April 2010 '000	Granted during the period '000	Exercised during the period '000	Forfeited during the period '000	Expired during the period '000	Outstanding at 30 September 2010	Date grant of share option	Exercise period of share option	Exercise price of share option	Fair value at grant date	Closing price of the Company's share immediately before the grant date
Consultants	2009A	18,560	–	–	–	18,560	–	13 August 09	13 August 09 to 12 August 10	0.3364	0.0528	0.33
Employees	2009B	14,240	–	–	–	14,240	–	13 August 09	13 August 09 to 12 August 10	0.3364	0.1105	0.33
		32,800	–	–	–	32,800	–					

The fair value of the options granted in the current period, measured at the date of grant on 13 August 2009, was approximately HK$2,553,000. The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:

(1) an expected volatility of 65.11% for 2009A and 99.76% for 2009B;

(2) annual dividends of 5.97% earnings; and

(3) the estimated expected life of the options granted is 52 weeks. The interest rate of the corresponding one-year Hong Kong Exchange Fund Notes at the date of grant was 0.18% for 2009A and 0.23% for 2009B.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in estimating the fair value of the share options are based on the directors' best estimate. Changes in subjective input assumptions can materially affect the fair value estimate.

The fair value of services received under an equity-settled share-based payment arrangement is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). Details of the accounting policy for equity-settled shared-based payment transactions are set out in the Group's financial statements for the year ended 31 March 2010.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2010, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity	Interest in shares	Interest in underlying shares	Total interest	Percentage of the issued share capital of the Company
Ng Cheuk Fai	Beneficial owner	352,941,176	Nil	352,941,176	16.38%

Save as disclosed above, at 30 September 2010, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUBSEQUENT EVENTS

On 12 October 2010, the Company entered into the subscription agreement with the Sur Limited whereby the Company has conditionally agreed to allot and issue and the Sur Limited has conditionally agreed to subscribe for 349,000,000 new shares of the Company at the subscription price of HK$0.112 per subscription share. The gross proceeds and the net proceeds from the issue of new shares was approximately HK$39.09 million and HK$38.00 million, respectively which is intended to be used for to explore the diversification of investments and/or general working capital of the Group.

On 19 October 2010, the Company allotted and issued 349,000,000 new shares of the Company to Sur Limited which is an investment holding company and is beneficially owned by Mr. Yeung Heung Yeung. Sur Limited became a strategic investor and a substantial shareholder of the Company.

On 21 October 2010, the Company allotted and issued 60,010,074 new shares of the Company to Power Rush Holdings Limited, Multi Fit Investments Limited and Pacific Rainbow Holdings Limited for conversion of our outstanding convertible bonds. At 30 November 2010, the Group's borrowings in convertible bonds is nil after the conversion of convertible bonds.

On 28 October 2010, Mr. Yeung Heung Yeung has been appointed as the chairman and an executive director of the Company.

On 1 November 2010, Mr. Yao Wai Kwok Daniel has resigned as an executive director of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company had complied with all code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 4 of the Listing Rules during the six months ended 30 September 2010, except for the following deviations:

Code A.2. of CG Code provides, inter alia, that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing. During the period, the Company does not officially has a position of Chief Executive Officer and the Company still looks for appropriate person to fill the vacancy as Chairman. Mr. Yao Wai Kwok, Daniel has been assuming the roles of Chief Executive Officer of the Company and the members of the board will share the responsibilities of the role of chairman jointly.

For the time being, the Board intends to maintain this structure as it believes that it would take time to segregate the duties of the two positions and in order to cause minimum disruption to the smooth running of the businesses of the Company. Nonetheless, the Board would review and monitor the situation on a regular basis and would take the necessary actions in due course to comply with this Code requirement.

On 28 October 2010, Mr. Yeung Heung Yeung has been appointed as executive director and Chairman of the Company. On 1 November 2010, Mr. Yao Wai Kwok has resigned as executive director.

Code A.4. of CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Leung Chi Hung, Mr. Cheung Yim Kong Johnny, Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis being the Company's independent non-executive directors, were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Byelaws.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code for the six months ended 30 September 2010.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code as set out in Appendix 4 of the Listing Rules. The primary duties of the Audit Committee is for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. These interim financial statements have been reviewed by the audit committee. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Poon Wai Hoi, Percy as the Chairman and Ms. Lee Shiow Yue and Mr. Tang Chi Ho, Francis.

The Audit Committee has reviewed the interim report and the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2010 and agreed to the accounting principles and practices adopted by the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Director is Mr. Yeung Heung Yeung (Chairman); the independent non-executive Directors are Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue.

APPRECIATION

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

By order of the Board
Yeung Heung Yeung
Chairman

Hong Kong, 30 November 2010