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AMAX

Holdings Limited

Amax Holdings Limited
奧瑪仕控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The board of directors (the “Board”) of Amax Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2011. The unaudited interim results have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT*For the six months ended 30 September 2011*

		Six months ended 30 September	
		2011	2010
	<i>Note</i>	HK\$'000	HK\$'000
		Unaudited	Unaudited
Turnover	3	2,410	2,398
Cost of sales		(20)	—
Gross profit		2,390	2,398
Other revenue	3	1,113	43,799
Gain on remeasurement of previously held interest in Nanning Inter-Joy on acquiring control		3,077	—
(Addition)/reversal of impairment loss for available-for-sale financial asset		(126)	12,496
Selling and distribution expenses		(385)	(883)
General and administrative expenses		(10,388)	(11,415)
(Loss)/profit from operations	4	(4,319)	46,395
Finance costs	5	(4,664)	(6,747)
Share of profit of associates		442,976	216,201
Profit before taxation		433,993	255,849
Income tax	6	—	—
Profit for the period		433,993	255,849
Attributable to:			
Owners of the Company		434,296	255,849
Non-controlling interests		(303)	—
Profit for the period		433,993	255,849
Earnings per share	8		
— basic		HK10.46 cents	HK6.72 cents
— diluted		HK10.46 cents	HK6.72 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 September 2011*

	Six months ended 30 September	
	2011	2010
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Profit for the period	433,993	255,849
Other comprehensive income for the period, net of nil tax	—	—
Total comprehensive income for the period	<u>433,993</u>	<u>255,849</u>
Total comprehensive income attributed to:		
Owners of the Company	434,296	255,849
Non-controlling interests	(303)	—
	<u>433,993</u>	<u>255,849</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	Note	30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Audited
Non-current assets			
Fixed assets			
— Investment properties		4,140	4,140
— Other property, plant and equipment		1,990	1,661
		<u>6,130</u>	5,801
Intangible assets		21,324	18,410
Goodwill		30,265	18,309
Interest in associates		2,004,541	1,563,976
Other financial asset		30,810	30,936
		<u>2,093,070</u>	<u>1,637,432</u>
Current assets			
Trade and other receivables	9	68,009	79,231
Cash and cash equivalents		37,601	32,026
		<u>105,610</u>	<u>111,257</u>
Current liabilities			
Trade and other payables	10	(105,863)	(106,431)
		<u>(105,863)</u>	<u>(106,431)</u>
Net current (liabilities)/assets		(253)	4,826
Total assets less current liabilities		2,092,817	1,642,258
Non-current liabilities			
Promissory notes		(140,232)	(135,568)
NET ASSETS		<u>1,952,585</u>	<u>1,506,690</u>
CAPITAL AND RESERVES			
Share capital		41,527	41,527
Share premium and reserves		1,899,459	1,465,163
Total equity attributable to owners of the Company		<u>1,940,986</u>	<u>1,506,690</u>
Non-controlling interests		<u>11,599</u>	<u>—</u>
TOTAL EQUITY		<u>1,952,585</u>	<u>1,506,690</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

This condensed consolidated interim financial information for the six months ended 30 September 2011 comprises Amax Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”). This condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standards (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2011, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2012.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 31 March 2011. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”).

The condensed consolidated interim financial information is unaudited but this condensed consolidated interim financial information has been reviewed by the Company’s Audit Committee.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the six months ended 30 September 2011 comprise the Company and its subsidiaries and the Group’s interests in associates.

The board of directors of the Company has been informed that a capitalisation of a shareholder’s loan owed by the associate to one of its shareholders other than the Company, by issuing new shares to such shareholder (“Capitalisation”) has been completed near the end of 2010. The Company’s initial holding of 49.9% of the share capital of the associate has been diluted to 24.8% as a result of the capitalisation.

The Board has resolved to establish and has constituted an independent board committee comprising all of the independent non-executive directors of the Company to conduct investigations into matters in relation to the Capitalisation including:

- seeking legal advices from professional legal advisers in relation to the laws of Bermuda and Macau and seeking other legal advices in the legal implications of the Capitalisation and other related matters;
- liaising with the relevant directors and senior management of the Company with a view to understand all relevant factual details and circumstances in relation to the Capitalisation;
- liaising with the associate as to actions taken in relation to the Capitalisation; and
- reviewing the internal corporate governance procedures of the Company, with the support and advice of independent professional consultants.

The board of directors of the Company, including the independent board committee, is of the view that the Company is still holding 49.9% in this associate and determined to use this percentage to account for the interest in this associate in accordance with the policy despite of the fact that the Capitalisation has been completed.

The work of independent board committee is still in progress up to the date of the issuance of the condensed consolidated interim financial information.

(c) Applications of new and revised Hong Kong Financial Reporting Standards

The condensed consolidated financial statements have been prepared on the historical cost basis except as otherwise set out in the accounting policies.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011, except as 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 and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new or revised HKFRSs, which term collectively includes HKASs and interpretations, that are first effective or available for early adoption for accounting periods beginning on or after 1 April 2011. The equivalent new or revised HKFRSs, which term collectively includes HKASs and Interpretations, consequently issued by HKICPA as a result of these developments have the same effective date as those issued by the HKICPA and are consistent with the pronouncements issued by the HKICPA.

These developments have had no material impact on the Group's financial statements.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 March 2012 may be affected by the issuance of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial report. Therefore the policies that will be applied in the Group's financial statements for the year ending 31 March 2012 cannot be determined with certainty at the date of issuance of the interim financial report.

Up to the date of issue of the interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 March 2012 and which have not been adopted in the interim financial report.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 7, Financial Instruments Disclosures: transfers of financial assets	1 July 2011
Amendments to HKAS 1, Presentation of Financial Statements	1 July 2013
HKFRS 10, Consolidated Financial Statements	1 January 2013
HKFRS 11, Joint Arrangements	1 January 2013
HKFRS 12, Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13, Fair Value Measurement	1 January 2013
HKAS 27, Separate Financial Statements	1 January 2013
HKAS 28, Investments in Associates and Joint Ventures	1 January 2013
HKFRS 9, Financial Instruments	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations are expected to be in the period of initial application. So far the Group has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

2. SEGMENT INFORMATION

As over 90% of the Group's turnover, results and assets relate to a single business segment which is investment in gaming and entertainment related business, no business segment information is presented.

(a) Major customers

No analysis of the Group's turnover by major customers has been presented as there are no transactions with a single external customer equal to or greater than 10% of the Group's total revenue.

(b) Revenue from major products and services

No analysis of the Group's major products and services has been presented as all revenue of the Group are from investments in gaming and entertainment related business.

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; (ii) the Group's fixed assets, intangible assets, goodwill and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which services were provided or revenue generated. The geographical location of the specified non-current assets is based on the physical location and operation of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated in the case of intangible assets and goodwill and the location of operations, in the case of interests in associates.

	Hong Kong (place of domicile) <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended				
30 September 2011 (unaudited)				
Segment revenue	—	2,400	10	2,410
Revenue from external customers	—	2,400	10	2,410
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2011 (unaudited)				
Specified non-current assets	5,368	2,022,566	34,326	2,062,260
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
For the six months ended				
30 September 2010 (unaudited)				
Segment revenue	—	2,398	—	2,398
Revenue from external customers	—	2,398	—	2,398
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2011 (audited)				
Specified non-current assets	5,801	1,579,792	20,903	1,606,496
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3. TURNOVER AND OTHER REVENUE

(a) An analysis of the Group's turnover is as follows:

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Revenue from investments in gaming and entertainment related business		
— Investment in Junket related operation	—	—
— Investment in VIP gaming related operation	1,800	1,895
— Investment in slot machine related operation	600	503
— Provision of services to Guangxi Welfare Lottery Authority	10	—
	<u>2,410</u>	<u>2,398</u>

(b) An analysis of the Group's other revenue is as follows:

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest income from loan to promissory note holders	—	1,374
Gain on fair value upon loan receivables offset against the promissory notes	—	42,317
Rental income	108	108
Reversal of impairment loss on other receivable	1,000	—
Sundry income	5	—
	<u>1,113</u>	<u>43,799</u>

4. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is arrived at after charging/(crediting):

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
(a) Staff costs		
Equity-settled share-based payment expenses	—	718
Salaries, wages and other benefits	4,685	5,340
Contributions to defined contribution retirement plans	140	93
	<u>4,825</u>	<u>6,151</u>
(b) Other items:		
Depreciation of property, plant and equipment	541	813
Amortisation of intangible assets	385	385
Auditors' remuneration		
— audit services	—	—
— other services	258	150
Operation lease charges in respect of premises:		
— minimum lease payments	562	1,261
Gross rental income from investment properties less direct outgoings of HK\$26,000 (2010 : HK\$35,000)	<u>(82)</u>	<u>(73)</u>

5. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest on other borrowings	—	107
Interest on promissory notes	<u>4,664</u>	<u>6,640</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>4,664</u></u>	<u><u>6,747</u></u>

6. INCOME TAX

(a) Current tax

No provision for Hong Kong profits tax and overseas income tax has been made as the Group had no estimated assessable profits for the six months ended 30 September 2011 and 2010.

(b) Deferred taxation not recognised

There was no material unprovided deferred taxation. The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK\$1 million (31 March 2011: HK\$1 million) as it is not probable that future taxable profits against which tax losses can be utilised will be available in the relevant tax jurisdiction and the entity. The tax losses do not expire under current tax legislation.

7. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2011 (2010: HK\$nil).

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the unaudited profit attributable to owners of the Company of approximately HK\$434,296,000 (2010: HK\$255,849,000) and the weighted average number of 4,152,656,000 ordinary shares (2010: 3,805,989,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

For the six months ended 30 September 2011, the calculation of diluted earnings per share is based on the profit attributable to owners of the Company of approximately HK\$434,296,000 (2010: HK\$255,849,000) and the weighted average number of 4,152,656,000 ordinary shares (2010: 3,808,190,000 ordinary shares) calculated as follows:

Weighted average number of ordinary shares

	2011 '000 Unaudited	2010 '000 Unaudited
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,152,656	3,805,989
Effect of deemed issue of shares under Company's share option scheme for nil consideration	—	2,201
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	<u>4,152,656</u>	<u>3,808,190</u>

9. TRADE AND OTHER RECEIVABLES

The ageing analysis of trade and other receivable at the end date of reporting period is as follows:

	30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Audited
Trade receivables from AMA	468,294	470,794
Less: impairment	(468,294)	(468,294)
	—	2,500
Other receivables	25,800	26,800
Less: impairment	(25,800)	(26,800)
	—	—
Due from an associate	66,058	75,077
Loans and receivable	66,058	77,577
Rental and other deposits	429	393
Prepayment	1,522	1,261
	<hr/>	<hr/>
	<u>68,009</u>	<u>79,231</u>

(a) Ageing analysis

The following is the ageing analysis of trade receivables as of the end of the reporting period:

	30 September 2011 <i>HK\$'000</i> Unaudited	31 March 2011 <i>HK\$'000</i> Audited
Current	—	—
Over 1 year past due	468,294	470,794
	<u>468,294</u>	<u>470,794</u>

(b) Trade receivables that are not impaired

The ageing analysis of trade receivable that are neither individually nor collectively considered to be impaired are as follows:

	30 September 2011 <i>HK\$'000</i> Unaudited	31 March 2011 <i>HK\$'000</i> Audited
Past due but not impaired	—	2,500

The Group does not hold any collateral over these balances.

10. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables at the end date of reporting period is as follows:

	30 September 2010 <i>HK\$'000</i> Unaudited	31 March 2010 <i>HK\$'000</i> Audited
Trade payables		
After 3 months	853	853
Other payables	105,010	105,578
	<u>105,863</u>	<u>106,431</u>

FINANCIAL REVIEW

During the six months ended 30 September 2011, the Group's investment was primarily in gaming and entertainment industry of Macau. Its core investment was the equity investment in Greek Mythology Casino and VIP gaming related businesses and slot machines operation related business. The Group also holds some retail shops as investment properties.

The Group had total revenue of HK\$3.5 million for the six months ended 30 September 2011, consisting of revenue from the Group's VIP gaming and slot machines business of HK\$2.4 million and other revenue of HK\$1.1 million.

Net profit for the six months ended 30 September 2011 amounted to HK\$434 million as compared to HK\$256 million for the same period last year. The increase was mainly attributable to the increased profit of the Associate arising from (i) the reversal of impairment loss on intangible asset; and (ii) substantial increase in share of operating profit from the casino managed by the Associate.

An analysis of the Group's consolidated results for the six-month period ended 30 September 2011 and 2010 are as follow:

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Total Revenue	3,503	46,197
(Addition)/reversal of impairment loss for available-for-sale financial asset	(126)	12,496
Gain on remeasurement of previously held interest in Nanning Inter-Joy on acquiring control	3,077	—
Selling and distribution and other administrative expenses	(10,773)	(12,298)
	<hr/>	<hr/>
(Loss)/profit from operations	(4,319)	46,395
Finance costs	(4,664)	(6,747)
Share of profit of associates	442,976	216,201
	<hr/>	<hr/>
Profit for the period	433,993	255,849
	<hr/> <hr/>	<hr/> <hr/>

BUSINESS REVIEW AND PROSPECTS

Greek Mythology Casino

The Group owns 49.9% of equity stake in Greek Mythology which is providing management services to Greek Mythology Casino including sales, promotion, advertising, patron referral, patron development and casino activities coordination. Greek Mythology Casino has approximately 60 VIP gaming rooms, and a mid to high-end mass-market gaming floor. Greek Mythology is accounted for as an associate of the Group.

During the 6 months ended 30 September 2011, the Group's share of profit for the 6 months ended 30 September 2011 was HK\$443 million, increased by \$227 million, as compared to HK\$216 million in the same period prior year.

As mentioned in the 2011 Results Announcement, as well as the announcements of the Company dated 7 July 2011 and 19 August 2011, the Board has been informed that the Capitalisation has been completed on 8 November 2010 and as a result the Company's initial holding of 49.9% of the share capital in Greek Mythology (Macau) Entertainment Group Corporation Limited (the "Associate") has been diluted to 24.8%.

The Board has resolved to establish and has constituted an independent Board committee ("IBC") comprising all the independent non-executive directors of the Company to conduct investigations into matters in relation to the Capitalisation, including: (1) seeking legal advices from professional legal advisers in relation to the laws of the Bermuda and Macau (i.e. the place of incorporation of the Company and the Associate respectively) and seeking other legal advices on the legal implications of the Capitalisation and other related matters as necessary; (2) conducting interviews with the relevant directors and senior management of the Company with a view to understanding the relevant factual details and circumstances in relation to the Capitalisation; (3) liaising with the Associate as to actions taken in relation to the Capitalisation; and (4) reviewing the internal corporate governance procedures of the Company, with the support and advice of independent professional consultants.

The Board, including the IBC, considers that the Company is still holding 49.90% in the Associate and has determined to use this percentage to account for the Company's interests in the Associate despite the fact that the Capitalisation has been completed. The Company is still in the progress of conducting commercial negotiations with the Associate as to the Capitalisation.

Investment in VIP Gaming Related Operation and Other Gaming Related Business

The Group, through certain subsidiaries, has invested in the businesses of (i) high-rolling gaming tables, and (ii) slot machines in Macau.

During the six months under review, net contribution from the business was HK\$2.40 million, being the same as last year.

The businesses of high rolling gaming tables and slot machines in Macau underwent changes in the second half of 2010. The Group adjusted the revenue model by taking a more conservative approach for stable returns so as to avoid the associated operating risks.

LE-Guangxi

Through LE Rainbow China Ltd ("LE-China"), a wholly owned subsidiary, the Group acquired 60% equity stake of Nanning Inter-Joy LOTTO Information Service Company Limited ("Nanning Inter-Joy") in Guangxi, China in September 2010, which is a lottery related service company in cooperation with the Welfare Lottery authority of Guangxi. The Guangxi operation distributes a proprietary electronic lottery sales system for its sales location providers, and also will be expanding into self-operated lottery parlors aimed at high-end players.

Pursuant to the Supplemental Agreement signed on 2 February 2011, the Company's equity interests in Nanning Inter-Joy was increased from 60% to 70%. With effective on 30 May 2011, pursuant to the Supplemental Agreement with other shareholder, the board of directors of Nanning Inter-Joy had undertaken a restructuring exercise, and Nanning Inter-Joy was classified as a subsidiary of the Group.

OUTLOOK

Building on the accomplishments so far, the future developments of the Group will be predominately on gaming business in Asia and lottery related business in China.

Gaming Business in Asia

The Group manages the Greek Mythology Casino in Macau via its 49.9% ownership of Greek Mythology. Greek Mythology is accounted for as an associate of the Group. The Group manages gaming related operations in the Greek Mythology Casino including casino management services such as sales, promotion, advertising, patron referral, patron development and casino activities coordination. Last year, the Greek Mythology Casino underwent major changes including renovation of the entire three gaming floors and changing its market position from mass-market to VIP, with target customers from mid-to-high end and VIP consumers in Mainland China. These changes have delivered excellent financial results during the period under review, and we expect these positive effects to continue.

The gaming industry in Macau looks to be in strong shape despite tighter credit conditions and slowing growth in China. As reflected in the recent rating upgrades of hotel in Macau, rating agency, Fitch Ratings believes the revenue in gaming industry in Macau will grow by 20% or more against next year, forecasting the Macau gaming market will grow solidly, albeit at a decelerating rate that moving into 2012. According to the Gaming Inspection and Coordination Bureau, the Macau gaming revenues were up by 46% to approximately RMB194 billion during the first nine months of 2011. Macau has leapfrogged Las Vegas and expected to post record-breaking growth.

After Chinese authorities slowed growth of the Macau market through visa restrictions in 2008, additional capacity has been added to the market. Beyond 2013, supply growth should be constrained, as the government has indicated it is likely to limit table growth to 3% annually. This appears to reflect authorities' desire to manage Macau growth and overheating risks through the supply side rather than through travel restrictions on the demand side. This bodes well for the profitability of existing casino operators. Besides the existing business in Macau, the Group is considering expanding or investing in other gaming related business in Asia.

Lottery related Business in China

With strong growth in China lottery market and great business opportunities for emerging China high-end leisure and entertainment segment, we are confident to see a greater contribution of profits or investment returns to the Group in the coming years.

According to the Ministry of Finance People's Republic of China, the sales of China lottery recorded RMB62.77 billion in the first half of 2011, representing an increase of 21.8% over the same period of last year. The sales of China lottery recorded a significant growth of 33.7% year-on-year to RMB157.7 billion during the first nine months of 2011, while the sales of welfare lottery tickets up 33.6% from one year earlier to RMB 91.77 billion.

For the gaming business in Asia and the lottery related business in China, appropriate partnerships with competent and competitive business partners will be crucial for future development. The Company will continue to strive to provide quality and reliable high-end leisure and entertainment services for both mid-to-high and VIP consumers in Mainland China.

INTERIM DIVIDEND

The Board of Directors does not recommend any interim dividend for the six months ended 30 September 2011 (2010: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent treasury policy. It finances its operation and investments with internal resources, cash revenues generated from operating activities and proceeds from equity fund raising activities.

As at 30 September 2011, total assets of the Group were HK\$2,199 million (31 March 2011: HK\$1,749 million), comprising non-current assets of HK\$2,093 million (31 March 2011: HK\$1,637 million) and current assets of HK\$106 million (31 March 2011: HK\$111 million) which were financed by shareholders' funds of HK\$1,941 million (31 March 2011: HK\$1,507 million), non-controlling interests of HK\$12 million (31 March 2011: HK\$Nil), current liabilities of HK\$106 million (31 March 2011: HK\$106 million) and non-current liabilities of HK\$140 million (31 March 2011: HK\$136 million).

The Group's current ratio, expressed as current assets over current liabilities was maintained at a level of 1.00 times (31 March 2011: 1.05 times).

The gearing ratio calculated as a ratio of total borrowings to shareholders' funds, was maintained at a low level of 7.2% (31 March 2011: 9%).

SHARE CAPITAL STRUCTURE

There was no change in the share capital structure of the Company during the period ended 30 September 2011.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2011, the Group employed a total of approximately 13 (2010: 14) employees in Hong Kong and Macau. The Group is aware of the importance of human resources and always endeavors to retain competent and talented staff with competitive remuneration packages within the general framework of the Group's salary and bonus system, which is determined according to their duties, work experience, performance and the prevailing market practices. The Group has also participated in an approved Mandatory Provident Fund ("MPF") scheme or similar scheme for eligible employees and provides them with a medical scheme. Employees are also rewarded by the Share Option Scheme based on the performance of the Group and individual employees.

FOREIGN EXCHANGE AND CURRENCY RISKS

It is the Groups policy for its operating entities to operate in their corresponding local currencies to minimize currency risks. The principal businesses of the Group are conducted and recorded in Hong Kong dollars and Macau Patacas. As its exposure to foreign exchange fluctuation is minimal, the Group does not see the need for using any heading tools.

CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 30 September 2011.

CORPORATE GOVERNANCE

The Group continues to commit itself to maintaining a high standard of corporate governance with an emphasis on enhancing transparency and accountability and ensuring the application of these principles within the Group and thereby, enhancing shareholder value and benefiting our stakeholders at large. To enhance existing governance structure in view of the continuing operational developments in the Company, Wardell & Associates Limited had been appointed to perform regular review on the corporate governance.

During the period under review, the Company has complied with the provisions of the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the period ended 30 September 2011 with the exception of certain deviation as further explained below:

Code Provision A.4.1 provides the Non-executive Directors should be appointed for a specific term, and subject to re-election.

None of the existing and Independent Non-executive Director of the Company is appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, all Independent Non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. The Company has also received the confirmation of independence from each Independent Non-executive Director and has grounds to believe that they are independent of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code Provision.

Code Provision B.1.1 provides a majority of the remuneration committee should be independent non-executive directors.

Since the retirement of Mr. Fang Ang Zhen, a former independent non-executive Director at the Annual General Meeting on 28 September 2011, only one executive Director and one independent non-executive Director remained in the remuneration committee. On 30 September 2011, Mr. Yoshida Tsuyoshi, an independent non-executive Director, was appointed as a member of the remuneration committee to fill the vacancy. No resolution was made in relation to remuneration of directors and officers during such period.

AUDIT COMMITTEE

The Company has an Audit Committee which was established for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises with four Independent Non-executive Directors.

The interim results of the Group for the period under review have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two Independent Non-executive Directors and one Executive Director. The Remuneration Committee was established with specific written terms of reference and is principally responsible for reviewing and approving remuneration package for Directors and officers. No Director or officer will determine his own remuneration.

NOMINATION COMMITTEE

The Nomination Committee comprises four Independent Non-executive Directors. The Nomination Committee was established with specific written terms of reference and is principally responsible for reviewing and approving nominations of Directors to the board and the Chair.

The Nomination Committee must take into consideration the various rules on independence of the Board in relation to the Company, its senior management and major shareholders, in accordance with the requirements of the Code of Corporate Governance

EXECUTIVE COMMITTEE

The Executive Committee was established with written terms of reference setting out authorities delegated to them by the Board of Directors. The Executive Committee comprises all the Executive Directors. The primary duties of the Executive Committee include supervision of day-to-day management of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

Throughout the underlying period, the Model Code for Securities Transactions by Directors of Listed Issuers (“Securities Code”) had been taken as the Company’s code of conduct regarding Directors’ securities trading. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the Securities Code throughout the underlying period.

On behalf of the Board
Deng Xiaomei
Chairperson

Hong Kong, 29 November 2011

As at the date of this announcement, the board of Directors comprises Mr. Cheung Nam Chung, Ms. Li Wing Sze, Mr. Lau Dicky and Mr. Ng Chi Keung being the executive Directors and Ms. Deng Xiaomei, Mr. Cheng Kai Tai, Allen, Mr. Yoshida Tsuyoshi and Dr. Dingjie Wu being the independent non-executive Directors.

* *for identification purpose only*