



2008/09

INTERIM REPORT



Amax Entertainment Holdings Limited

(Formerly known as "A-Max Holdings Limited")

(Incorporated in Bermuda with limited liability)

(Stock Code: 0959)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Mr. Cheung Nam Chung
Mr. Chan Ying Tat
(resigned on 13 November 2008)
Mr. Chan Chi Yuen
Mr. Lam Cheok Va, Francis
Ms. Li Wing Sze

Non-executive

Mr. Hau Chi Kit
(appointed on 29 August 2008
as Independent Non-executive
Director and redesignated on
6 October 2008)

Independent Non-executive

Mr. Kou Hoi In
(appointed on 29 August 2008)
Attorney Lorna Patajo Kapunan
(appointed on 29 August 2008)
Mr. Chan Chiu Hung, Alex
Mr. Lee Tsz Hong
(retired on 29 August 2008)
Mr. Ng Wai Hung, Raymond
(retired on 29 August 2008)

COMPANY SECRETARY

Mr. Chan Chi Yuen

AUDITORS

CCIF CPA Limited

LEGAL ADVISERS

Michael Li & Co.

STOCK CODE

959

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2701 Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong



CHAIRMAN'S STATEMENT

Dear Shareholders,

During the six months ended 30 September 2008, Amax Entertainment Holdings Limited (formerly known as "A-Max Holdings Limited", "Amax") continued to successfully execute on the junket aggregation business through our gaming intermediary business model established in mid-December 2007. Our ability to consistently deliver market leading levels of VIP rolling chip volume to the Macau market through our 80% indirect effective interest in AMA International Limited ("AMA") has translated into improved operating results as the Group achieved a net profit of approximately HK\$219 million for the six months ended 30 September 2008 as compared to a net loss of approximately HK\$51 million for the prior year period. We believe these results demonstrate the significant leverage inherent in our gaming and entertainment business model and we have taken several recent steps to reposition our capital and operating structure to more accurately reflect the Company's current focus, including the sale of Amax's LCD division and the recent share consolidation and share premium cancellation.

In addition to our junket aggregation business, Amax's operating results for the six months ended 30 September 2008 also benefited from our 49.9% interest in Macau's Greek Mythology Casino. Despite significant competition in the market, Greek Mythology Casino continues to deliver profitable contributions to our operating results through its effective marketing campaigns and focus on mass-market customers.

The strength of our results is a testament to the competitive advantages of Amax's unique business model. To share our success and benefit derived from the junket aggregation business with our shareholders, we are pleased to declare an interim dividend of HK1.5 cents per share, representing a dividend yield of 7.5% of the current market value of the Company.

To reflect Amax's engagement in gaming and the related entertainment business, the name of the Company has been changed from "A-Max Holdings Limited" to "Amax Entertainment Holdings Limited" effective 25 June 2008.

Amax also recently strengthened our Board of Directors by welcoming three new Non-executive Directors. Collectively, they provide extensive international business experience and further strengthen our ties within the region. We look forward to their counsel and insights on financial, legal, political and strategic matters as Amax continues to advance its focus on gaming and entertainment market activities.

Despite the current financial tsunami in the global financial markets and the impact on visitation to Macau resulting from recent central government measures, the Macau gaming market remains the premier gaming destination in the world and contains some of the finest quality entertainment facilities anywhere, which serve as the foundation that will ensure the long-term success of this market. We are confident that through our relationship with leading junket operators and our strategic partner, Crown Macau, Amax will continue delivering high levels of VIP rolling chip volume in Macau's dynamic gaming market. In addition to working with our existing partner, Amax may also seek to extend our gaming intermediary operations into other countries as we look for additional means by which the Company can drive long-term shareholder value.

I am pleased to have been able to contribute to Amax's successful transition to a company solely focused on the gaming and entertainment business in Macau and would like to extend my sincere appreciation to my fellow Directors as well as the Company's management team and entire staff for their ongoing efforts in this regard. I look forward to working closely with this talented group of individuals to deliver VIP rolling chip volume to our partner in Macau and generate long-term value for our shareholders.

Cheung Nam Chung*Chairman*

Hong Kong, 19 December 2008



The board (the “Board”) of directors (the “Directors”) of Amax Entertainment Holdings Limited (the “Company”) is pleased to report the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2008. The unaudited interim results have been reviewed by the Audit Committee of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the six months ended 30 September 2008, the Group was primarily engaged in the gaming and entertainment business in Macau. Additionally, this period still reflects contributions from the Group’s LCD manufacturing business, which the Company disposed of in September 2008 in order to focus its operations on the highly profitable gaming and entertainment business.

The Group posted total turnover of HK\$300 million for the six months ended 30 September 2008, representing a 564% increase from total turnover of HK\$45 million (restated) in the prior year six-month period. Total turnover for the six months ended 30 September 2008 consisted of revenue from the first full reported six-month period of the Group’s junket aggregation business of HK\$269 million, as well as HK\$4 million (2007: HK\$21 million) from the Group’s VIP Room management and other gaming and entertainment business and HK\$27 million (2007: HK\$24 million) from the discontinued LCD manufacturing business.

Net profit for the six months ended 30 September 2008 amounted to HK\$219 million as compared to a loss of HK\$51 million over the same period in the prior year. This significant year-over-year increase was primarily due to contributions from our entrance into the junket aggregation business in December 2007 through our 80% indirect effective interest in AMA. The Company expects its 2009 operating results to continue to benefit from the first full year’s contribution from its position as a leading driver of VIP rolling chip volume in the Macau market. However, as a result of recent central government intervention to restrict travellers to Macau from the Guangdong Province, the People’s Republic of China (the “PRC”) and challenging macroeconomic environment, the Company believes that its monthly rolling chip volume for the coming year will not be as high as the average of HK\$35.8 billion recorded during the six months ended 30 September 2008 and that the Group’s profitability will be cooled down to reflect these rolling chip levels until such visa restrictions are relaxed and there is improvement and recovery of the worldwide economy.

An analysis of the Group's consolidated results for the six month-period ended 30 September 2008 and 2007 is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Operating profit from continuing operations:		
Junket aggregation business	269,161	–
VIP and other gaming and entertainment business	1,032	15,078
Share of operating profit from Greek Mythology Casino	11,924	46,322
	282,117	61,400
Less: Corporate operating expenses	(23,683)	(4,043)
Operating profit	258,434	57,357
Non-operating expenses:		
Finance cost	(29,816)	(27,716)
Share of amortization of intangible assets of Greek Mythology Casino	(38,718)	(89,038)
Amortization of intangible assets of VIP and other gaming and entertainment business	(1,269)	(1,843)
Profit/(loss) from continuing operations	188,631	(61,240)
Discontinued LCD manufacturing operations		
– Operating profit/(loss)	115	(3,001)
– Gain on disposal of a subsidiary	30,210	13,522
	30,325	10,521
Profit/(loss) for the period	218,956	(50,719)



BUSINESS REVIEW AND PROSPECTS

Gaming and Entertainment Business

Junket Aggregation Business

In 2007, the Company entered into a conditional loan agreement with Ace High Group Limited (“Ace High”), pursuant to which the Company provided a loan of HK\$1.9 billion to Ace High which in turn on-lent the same amount to AMA. AMA aggregates business of different junket collaborators and deals directly with Crown Macau Casino to receive commissions and commenced its business on 15 December 2007.

On 11 February 2008, the Company served a capitalisation notice to Ace High pursuant to the loan agreement whereby the Company capitalised (the “Capitalisation”) a sum of HK\$50,000,000 of the principal amount of the loan for 99.99% of the enlarged issued share capital of Ace High. The Company is, by virtue of a series of profit transfer agreements, entitled to 80% of the profits generated by AMA. The Capitalisation was approved by the shareholders of the Company at a special general meeting held on 12 June 2008.

Our junket aggregation business has achieved a VIP rolling chip volume of more than HK\$215 billion and a gross operating profit of HK\$336 million, resulting with a contribution of HK\$269 million to the Group for the six months ended 30 September 2008. Reflecting the fact that VIP gaming revenues in Macau have now surpassed those generated by the Las Vegas Strip and Atlantic City markets combined, recent central government intervention to restrict travelers from the Guangdong Province has begun to curtail the rate of gaming growth in this market. The Company believes that until the visa restrictions are relaxed or any potential new legislation is enacted, its monthly rolling chip volume for the coming months will be lower than the average of HK\$35.8 billion recorded during the period.

While our junket aggregation business has been affected by the worldwide financial tsunami and the market commission rates are fluid at this time due to the uncertainty on implementation of a cap on commission rates of 1.25% by the Macau government, we will continue working closely with our casino and junket partners to maintain this mutually beneficial relationship and our prominent status in the VIP gaming market in Macau.

VIP and Other Gaming and Entertainment Business

The Group, through certain subsidiaries, is engaged in the Greek Mythology Casino (i) the promotion, sales and advertising, client development, coordination and operation of the high roller gaming area; (ii) the provision of technical consultancy services in respect of electronic LIVE baccarat system; and (iii) the operation of electronic slot machines.

During the six months under review, the Group recorded gross revenue of HK\$3.5 million and net profit of HK\$1 million from these operations. Both the revenue and net profit recorded for the period under review were significantly lower than that of last period's figures of HK\$21 million and HK\$15 million respectively.

The under-performance of this business segment was mainly attributable to the fierce competition from the other casinos especially after the implementation of the visa restriction from mainland tourist by the central government since June 2008 and the spread of the credit crunch crisis. The recent announcement of the slowdown or stop construction of new properties and laid off of labours by other casinos reflects that the overall gaming market in Macau has been deteriorating. Since the customers of the Group's high rollers tables are mainly the low end VIPs who are most susceptible to the current economic environment, we expected that our operating results in this segment will not be greatly improved until there is a turnaround in both the visa restriction policy and recovery from the financial tsunami.

Greek Mythology Casino

The Group manages the Greek Mythology Casino in Macau via its 49.9% ownership of Greek Mythology. The Greek Mythology Casino has approximately 100 mass market tables, 16 VIP tables and 200 slot machines. Greek Mythology is accounted for as an associated company of the Group.

During the six months ended 30 September 2008, Greek Mythology Casino recorded gross revenue of HK\$78 million (2007: HK\$154 million), representing a decrease of approximately 49% over the prior year period. The operation recorded a net operating profit of HK\$24 million (2007: HK\$93 million) and the Group's share of the profit was HK\$12 million (2007: HK\$46 million), respectively for the period ended 30 September 2008.



The operating results of Greek Mythology Casino continued to be impacted by intensifying competitive supply that has entered the Macau market, its unfavorable location and the property's relatively small size in comparison with the giant theme based casinos. Nevertheless, the Greek Mythology Casino will follow its focus on serving the mass-market. The management will cautiously streamline the operation cost of the casino and will exercise effective marketing strategies to strengthen its competitive positioning and profitability.

LCD Manufacturing Business

During the period under review, the LCD manufacturing business recorded a turnover of HK\$27 million (2007: HK\$24 million), representing an increase of approximately 13% over the same period last year. Despite the slight increase in turnover, the management expects the LCD manufacturing business will continue to experience fierce competition from other market players. Such competition and limited expansion opportunities in its LCD markets have caused the Group to review and reposition its operation.

As far as the Group's overall strategy is concerned, the manufacturing business is a legacy business. As a result, the Company entered into a sale and purchase agreement with an independent third party on 27 August 2008 to dispose of its LCD Manufacturing Business at a nominal consideration of HK\$1, resulting in a gain of approximately HK\$30 million.

Following the approval by the shareholders at a special general meeting held on 29 September 2008 for the disposal of the LCD manufacturing business, the Company became fully concentrated on the business of gaming and entertainment.

OUTLOOK

The monthly rolling chip volume generated by AMA has recently declined from prior levels of HK\$40 billion to September 2008's mid-HK\$20 billion levels, reflecting the visa restrictions enacted in June 2008 for visitors from Guangdong Province traveling to Macau which reduced travel among the lower tier of AMA's junket players.

Our internal expectations conservatively assume visa restrictions will not be lifted until the end of 2009. As a result, until the visa restrictions are modified we estimate that AMA's monthly rolling chip volume will be around 30% less than the level recorded for the first six months ended 30 September 2008.

Our partnership with Crown Macau still remains solid and AMA continues to deliver the majority of the rolling chip volume at this property. The Group looks forward to continuing to work with Crown Macau on strategies to further improve performance of its VIP operations. The Group is looking forward to the expected announcement and implementation of a commission cap of 1.25% of rolling chip volume which the Company believes will provide a respite from the recent competitive promotional dynamic in the market. This new operating environment will highlight the competitive advantages of our market-leading operating platform as well as our unique relationship with our strategic partner and their world-class VIP gaming facilities. While our relationship with Crown Macau provides AMA a competitive edge, there remains some uncertainty related to the competitive responses to adjust commission rates or credit availability from other casinos and junket operators. We will closely monitor the development of these aspects and continue to look into any possibilities to alter the current agreements between AMA and Crown Macau in a manner that will benefit Amax, its casino partner, junket operators and their players and the Company's shareholders.

Despite of the current financial tsunami which has significantly affected the operating environment of the gaming business in Macau, we remain optimistic on our junket aggregation business and believe that it will bring about a transformational change to the Group's earnings profile as well as its growth potential.

INTERIM DIVIDENDS

The Board has resolved to declare an interim dividend of HK1.5 cents (2007: Nil) per share for the six months ended 30 September 2008, amounting to approximately HK\$39.883 million. The interim dividends will be payable to the shareholders of the Company on or around Friday, 6 February 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 January 2009 to Wednesday, 7 January 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Friday, 2 January 2009.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its business operations and investments with internal resources, cash revenues generated from operating activities and equity fund raising activities.

As at 30 September 2008, total assets of the Group were HK\$5,354.8 million (31 March 2008: HK\$6,588.9 million), comprising non-current assets of HK\$4,759.8 million (31 March 2008: HK\$6,287.8 million) and current assets of HK\$595 million (31 March 2008: HK\$301.1 million) which were financed by shareholders' funds of HK\$4,365.1 million (31 March 2008: HK\$5,643.6 million), minority interests of HK\$0.01 million (31 March 2008: HK\$0.05 million), current liabilities of HK\$112.7 million (31 March 2008: HK\$92.9 million) and non-current liabilities of HK\$876.9 million (31 March 2008: HK\$852.3 million).

The Group's current ratio, expressed as current assets over current liabilities, was maintained at a high comfortable level of 5.28 times (31 March 2008: 3.24 times).

The gearing ratio calculated as a ratio of total borrowings to shareholders' funds, was maintained at a low level of 20.3% (31 March 2008: 15.1%).

SHARE CAPITAL STRUCTURE

Pursuant to a resolution passed by the Board on 11 February 2008, the Board proposed a consolidation (the “Share Consolidation”) of every 10 issued and unissued shares of HK\$0.001 each in the capital of the Company into 1 consolidated share of HK\$0.01 each. The proposed Share Consolidation was approved by the shareholders of the Company at a special general meeting held on 7 April 2008.

As a result of the Share Consolidation, the Company had a total of 2,658,889,728 issued shares of HK\$0.01 each and 40,000,000 share options outstanding as at 30 September 2008.

Pursuant to a resolution passed by the Board on 4 August 2008, the Board proposed a cancellation (the “Share Premium Cancellation”) of the entire credit amount of HK\$3,768,398,966 of the share premium account of the Company and applied the resulting credit towards the elimination of all the accumulated losses of the Company of HK\$1,548,489,821 as at 31 March 2008. The remaining balance of HK\$2,219,909,145 has been credited to the contributed surplus account of the Company. The proposed Share Premium Cancellation was approved by the shareholders of the Company at a special general meeting held on 19 September 2008.

MAJOR ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Pursuant to a loan agreement entered with Ace High on 23 August 2007, the Company should have the right, at its absolute discretion to capitalise (the “Capitalisation”) HK\$50,000,000 of the principal amount of the loan for an allotment and issue of such number of new shares of Ace High representing 99.99% of the enlarged issued share capital of Ace High on a fully diluted basis. The Company is by virtue of a series of profit transfer agreements, be entitled to 80% of the profits generated by AMA. On 11 February 2008, the Company served a capitalisation notice to Ace High pursuant to the loan agreement. The Capitalisation was approved by the shareholders of the Company at a special general meeting held on 12 June 2008.

On 27 August 2008, the Company entered into a sale and purchase agreement with an independent third party to dispose (the “Disposal”) of 100% equity interest in Profit Goal, a wholly-owned subsidiary of the Company which is principally engaged in the manufacturing and sales of LCD and LCD modules, at a consideration of HK\$1, resulting with a gain of approximately HK\$30 million. The Disposal was approved by the shareholders of the Company at a special general meeting held on 29 September 2008. Following the completion of the Disposal, the Company has discontinued its operations in the manufacturing and sales of LCD and LCD modules and is focused on the gaming and entertainment business in Macau.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2008, the Group employed a total of approximately 20 (2007: 270) 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 Group’s policy for its operating entities to operate in their corresponding local currencies to minimize currency risks. The Group’s principal businesses are conducted and recorded in Hong Kong dollars and Macau Patacas. As the impact from foreign exchange exposure is minimal, no hedging against foreign currency exposure is necessary.

CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 30 September 2008.

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed below, as at 30 September 2008, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors or the Chief Executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) where required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

Name of Directors	Number of shares held	Underlying shares held <i>(Note)</i>	Total	Approximate percentage of shareholding
Mr. Cheung Nam Chung	30,000	4,500,000	4,530,000	0.170%
Mr. Chan Ying Tat	7,693,000	9,000,000	16,693,000	0.628%
Mr. Chan Chi Yuen	1,000,000	4,500,000	5,500,000	0.207%
Mr. Lam Cheok Va, Francis	–	1,000,000	1,000,000	0.038%
Ms. Li Wing Sze	–	5,500,000	5,500,000	0.207%
Mr. Hau Chi Kit	40,000	–	40,000	0.002%
Mr. Chan Chiu Hung, Alex	20,000	–	20,000	0.001%

Note: Balance represents share options granted by the Company to each of the Directors on 28 January 2008 pursuant to the share option scheme of the Company. Each of these share options conferring a right to subscribe for one share of HK\$0.01 each of the Company at a price of HK\$0.736, exercisable for a period of 10 years from date of grant.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age had any right to subscribe for shares or debt securities of the Company or had exercised any such rights during the period under review.

SUBSTANTIAL SHAREHOLDER

As at 30 September 2008, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, the following person or companies had an interest or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Name of Shareholders	Number or attributable number of shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
Janus Capital Management LLC (Note 1)	422,518,500 (L)	Investment manager	15.89%
Janus Capital Group, Inc (Note 1)	422,518,500 (L)	Interest of controlled corporation	15.89%
Farringdon Capital Management Switzerland SA (Note 2)	161,710,000 (L)	Investment manager	6.08%
Andreas Tholstrup (Note 2)	161,710,000 (L)	Interest of controlled corporation	6.08%
Bram Cornelisse (Note 2)	161,710,000 (L)	Interest of controlled corporation	6.08%
UBS AG (Note 2)	161,710,000 (L)	Person having a security interest in shares	6.08%

L: Long Position

Notes:

- 1 Janus Capital Management LLC is the investment manager of 422,518,500 shares. Janus Capital Management LLC is owned by Janus Capital Group, Inc., a company listed on the New York Stock Exchange.
- 2 Farringdon Capital Management Switzerland SA is the investment manager of 161,710,000 shares. Farringdon Capital Management Switzerland SA was owned as to 50% by Mr. Andreas Tholstrup and 50% by Mr. Bram Cornelisse. UBS AG is the prime broker of Farringdon Capital Management Switzerland SA.

SHARE OPTIONS

The Company's share option scheme (the "Share Option Scheme") was adopted on 12 August 2002 with a purpose to recognise the contribution of certain employees, directors, executives or officers, suppliers, consultants and agents of the Group to the growth of the Group.

Under the terms of the Share Option Scheme, the Board may, at its discretion, grant share options to employees, directors, executives or officers of the Group, and any suppliers, consultants or agents who have provided services to the Group at a price not less than the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the offer date, the closing price of the shares on the Stock Exchange on the offer day or the nominal value of the shares, whichever is higher.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme will not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options may be granted to any one participant will not exceed 30% of the maximum number of shares in issue from time to time. At the date of report, the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme must not exceed 265,888,972 shares, representing 10% of the shares in issue as at 18 March 2008, the date of the special general meeting approving the refreshment of the 10% limit on the grant of options.

A nominal consideration of HK\$1 is payable within 30 days from the offer date for each lot of share options granted. An option may be exercised in accordance with the terms of the Share Option Scheme during a period to be notified by the Board.

The Share Option Scheme is valid for a period of 10 years commencing from 12 August 2002. No share options under the Share Option Scheme were granted during the period ended 30 September 2008 and there were 40,000,000 share options outstanding as at 30 September 2008, details of which are stated on note 21 to the condensed consolidated interim financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, redemption or sale by the Company nor any of its subsidiaries of the Company's listed securities during the period ended 30 September 2008.

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 three Independent Non-executive Directors and one Non-executive Director of the Company.

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 senior management. No Director or member of senior management will determine his own remuneration.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors of the Company have confirmed their compliance with the required standard set out in the Model Code during the period under review.

CORPORATE GOVERNANCE

The Company has adopted, applied and complied with the Code on Corporate Governance Practices (the “Code Provision”) as set out in Appendix 14 to the Listing Rules throughout the period ended 30 September 2008 with the exception of certain deviation as further explained below:

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

None of the existing Non-executive Director and Independent Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, all Non-executive Director and 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.

On behalf of the Board
Cheung Nam Chung
Chairman

Hong Kong, 19 December 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

	Note	2008 HK\$'000 Unaudited	2007 HK\$'000 Unaudited and restated
Continuing operations			
Turnover	3	272,702	20,862
Cost of sales		—	(1,678)
Gross profit		272,702	19,184
Other revenue	4	427	839
Selling and distribution expenses		(491)	(1,135)
General and administrative expenses		(27,397)	(9,696)
Profit from operations	5	245,241	9,192
Finance costs	7	(29,816)	(27,716)
Share of loss of an associate	14		
Share of operating profit of an associate		11,924	46,322
Share of amortization of intangible asset of an associate		(38,718)	(89,038)
		(26,794)	(42,716)
Profit/(loss) before taxation		188,631	(61,240)
Income tax	8	—	—
Profit/(loss) for the period from continuing operations		188,631	(61,240)
Discontinued operations			
Profit for the period from discontinued operations	9	30,325	10,521
Profit/(loss) for the period		218,956	(50,719)

CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 September 2008

	Note	2008 HK\$'000 Unaudited	2007 <i>HK\$'000</i> Unaudited and restated
Attributable to:			
Equity shareholders of the Company		218,995	(51,708)
Minority interests		(39)	989
Profit/(loss) for the period		<u>218,956</u>	<u>(50,719)</u>
Dividends			
Interim proposed	11	<u>39,883</u>	–
Earnings/(loss) per share			
– Basic	12		
From continuing and discontinued operations		<u>HK8.24 cents</u>	<u>HK(0.46) cents</u>
From continuing operations		<u>HK7.10 cents</u>	<u>HK(0.55) cents</u>
From discontinued operations		<u>HK1.14 cents</u>	<u>HK0.09 cents</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	Note	30 September 2008 HK\$'000 Unaudited	31 March 2008 HK\$'000 Audited
Non-current assets			
Fixed assets	13		
Investment properties		4,112	4,112
Other property, plant and equipment		6,014	5,900
		10,126	10,012
Intangible assets		29,138	30,407
Interest in an associate	14	1,110,914	1,137,708
Other financial assets	15	3,609,650	5,109,650
		4,759,828	6,287,777
Current assets			
Trade and other receivables	16	509,747	194,346
Cash and cash equivalents		85,211	91,013
		594,958	285,359
Assets of disposal groups classified as held for sale		–	15,737
		594,958	301,096
Current liabilities			
Trade and other payables	17	(103,716)	(41,404)
Borrowings	18	(9,000)	(5,000)
		(112,716)	(46,404)
Liabilities directly associated with assets of disposal groups classified as held for sale		–	(46,506)
		(112,716)	(92,910)
Net current assets		482,242	208,186

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 September 2008

	Note	30 September 2008 HK\$'000 Unaudited	31 March 2008 HK\$'000 Audited
Total assets less current liabilities		5,242,070	6,495,963
Non-current liabilities			
Borrowings	18	–	(5,000)
Promissory notes	19	(876,958)	(847,305)
		(876,958)	(852,305)
NET ASSETS		4,365,112	5,643,658
CAPITAL AND RESERVES			
Share capital	20	26,589	26,589
Reserves		4,298,626	5,647,456
Amounts recognized directly in equity relating to disposal groups classified as held for sale		–	(30,440)
Proposed dividends		39,883	–
Total equity attributable to equity shareholders of the Company		4,365,098	5,643,605
Minority interests		14	53
TOTAL EQUITY		4,365,112	5,643,658

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2008

Attributable to equity shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Fair value reserve HK\$'000	Retained profits/losses HK\$'000	Amounts recognized directly in equity relating to disposal groups classified as held for sale HK\$'000	Proposed dividends HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2007 (Audited)	11,205	1,824,863	-	(22,470)	-	-	(17,262)	(36,747)	-	1,758,589	327	1,758,916
Loss for the period	-	-	-	-	-	-	(62,229)	10,521	-	(51,708)	989	(60,719)
At 30 September 2007 (Unaudited)	11,205	1,824,863	-	(22,470)	-	-	(79,491)	(26,226)	-	1,707,881	1,316	1,709,197
Shares issued under the placing	15,384	1,984,616	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Share issue expenses	-	(41,080)	-	-	-	-	-	-	-	(41,080)	-	(41,080)
Change in fair value of available-for-sale financial assets	-	-	-	-	6,872	3,209,650	-	-	-	3,209,650	-	3,209,650
Equity settled share-based transaction	-	-	-	-	6,872	-	-	-	-	6,872	-	6,872
Loss for the period	-	-	-	-	-	-	(1,235,504)	(4,214)	-	(1,238,718)	(1,263)	(1,240,981)
At 31 March 2008	26,589	3,768,399	-	(22,470)	6,872	3,209,650	(1,314,995)	(30,440)	-	5,643,605	53	5,643,658
At 1 April 2008 (Audited)	26,589	3,768,399	-	(22,470)	6,872	3,209,650	(1,314,995)	(30,440)	-	5,643,605	53	5,643,658
Cancellation of share premium (Note)	-	(3,768,399)	2,219,909	-	2,498	-	1,548,490	-	-	2,498	-	2,498
Equity settled share-based transaction	-	-	-	-	(68)	-	68	-	-	-	-	-
Lapse of share options	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of available-for-sale financial assets	-	-	-	-	-	(1,500,000)	-	-	-	(1,500,000)	-	(1,500,000)
Currency translation difference	-	-	-	-	-	-	(117)	117	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	218,880	218,880	115	-	218,995	(99)	218,996
Transfer upon disposal of subsidiaries	-	-	-	-	-	(30,209)	(30,209)	30,208	-	-	-	-
Interim Dividends declared	-	-	-	-	-	-	(39,883)	-	39,883	-	-	-
At 30 September 2008 (Unaudited)	26,589	-	2,219,909	(22,470)	9,302	1,709,650	382,235	-	39,883	4,365,068	14	4,365,112

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2008

Note: The Company proposed to effect the Share Premium Cancellation by way of cancellation of the entire amount standing to the credit of share premium account of the Company and applying the credit arising therefrom towards elimination of all the accumulated losses of the Company amounting to HK\$1,548,489,821 as at 31 March 2008 and the remaining balance in the amount of HK\$2,219,909,145 being credited to the contributed surplus account of the Company in accordance with the announcement and the circular of the Company dated 4 August 2008 and 18 August 2008, respectively. Such Share Premium Cancellation was approved by the shareholders of the Company at a special general meeting held on 19 September 2008.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2008

	2008 HK\$'000 Unaudited	2007 HK\$'000 Unaudited and restated
Net cash used in operating activities	(6,443)	(57,321)
Net cash used in investing activities	(2,479)	(3,592)
Net cash generated from financing activities	460	5,443
Net decrease in cash and cash equivalents	(8,462)	(55,470)
Cash and cash equivalents as at 1 April		
– Continuing operation	91,013	56,437
– Discontinued operation	2,660	1,319
	93,673	57,756
Cash and cash equivalents as at 30 September	85,211	2,286

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2008

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee of the Company. The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Appendix 16 to the Listing Rules, the Hong Kong Accounting Standard (“HKAS”) 34: “Interim Financial Reporting” and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial statements should be read in conjunction with the 2008 audited financial statements. The accounting policies and method of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the Group’s audited financial statements for the year ended 31 March 2008. The condensed consolidated interim financial statements have been prepared on historical cost basis except for financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in significant change to the Group’s accounting policies applied on these financial statements for the current and prior period presented.

The following new and revised HKFRSs that affect the Group are adopted for the first time in the current period’s financial statements:

HK(IFRIC)-Int 12	Service Concession Agreements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not applied the following new and revised HKASs and HKFRSs, that have been issued but are not yet effective, in these interim financial statements:

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Cost ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 13	Customer Loyalty Programmes ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ Effect for annual periods beginning on or after 1 January 2009

² Effect for annual periods beginning on or after 1 July 2009

³ Effect for annual periods beginning on or after 1 July 2008

⁴ Effect for annual periods beginning on or after 1 October 2008

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

2. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments.

(a) Business segments

Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

The Group comprises the following main business segments:

Continuing operations:

Gaming and entertainment segment:

the promotion, client development, coordination and management of gaming business.

Discontinued operations:

LCD products segment:

the manufacturing and sales of LCD and LCD modules.

LCD consumer products segment:

the manufacturing and sales of calculators and other electronic products.

2. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

For the six months ended 30 September 2008

	Continuing operations	Discontinued operations		Sub-total HK\$'000 Unaudited	Total HK\$'000 Unaudited
	Gaming and entertainment HK\$'000 Unaudited	LCD products HK\$'000 Unaudited	LCD consumer products HK\$'000 Unaudited		
Revenue					
Revenue from external customers	<u>272,702</u>	<u>27,554</u>	-	<u>27,554</u>	<u>300,256</u>
Results					
Segment results	268,923	1,001	-	1,001	269,924
Unallocated income and expenses	<u>(23,682)</u>	-	-	-	<u>(23,682)</u>
Profit from operations	245,241	1,001	-	1,001	246,242
Finance costs	(29,816)	(886)	-	(886)	(30,702)
Share of loss of an associate	(26,794)	-	-	-	(26,794)
Gain on disposal of subsidiaries	-	-	-	30,210	30,210
Profit for the period	<u>188,631</u>	<u>115</u>	-	<u>30,325</u>	<u>218,956</u>

2. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

For the six months ended 30 September 2007

	Continuing operations	Discontinued operations			Total
		LCD products	LCD consumer products	Sub-total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue					
Revenue from external customers	20,862	24,381	18	24,399	45,261
Results					
Segment results	13,235	(2,107)	(125)	(2,232)	11,003
Unallocated income and expenses	(4,043)	-	-	-	(4,043)
Profit/(loss) from operations	9,192	(2,107)	(125)	(2,232)	6,960
Finance costs	(27,716)	(588)	(181)	(769)	(28,485)
Share of loss of an associate	(42,716)	-	-	-	(42,716)
Gain on disposal of subsidiaries	-	-	-	13,522	13,522
(Loss)/Profit for the period	(61,240)	(2,695)	(306)	10,521	(50,719)

3. TURNOVER

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

	<i>Note</i>	2008 HK\$'000 Unaudited	2007 HK\$'000 Unaudited and restated
Continuing operations:			
Revenue from gaming operations			
– junket aggregation business	<i>a</i>	269,161	–
– VIP gaming operation	<i>b</i>	2,266	14,996
– LIVE baccarat system operation	<i>c</i>	571	904
– slot machine operation	<i>d</i>	704	1,064
		272,702	16,964
Revenue from sales of travel package		–	3,898
		272,702	20,862
Discontinued operations:			
Sales of LCD products		27,554	24,381
Sales of LCD consumer products		–	18
		27,554	24,399
		300,256	45,261

(a) Junket aggregation business

The Group, through Ace High, is engaged in financing the business of AMA, a company incorporated in Macau and which is the holder of a license issued by the Gaming Inspection and Coordination Bureau of the Macau government to develop the activity of promotion of games of chance and other casino games. AMA's business is to aggregate the business of different junket collaborators and deal directly with Crown Macau Casino to receive commissions. The Group receives 80% of the profits generated from the junket aggregation business, which was commenced on 15 December 2007, in accordance with the First Profit Transfer Agreement (see Note 15 below) and the Second Profit Transfer Agreement (see Note 15 below).

3. TURNOVER *(Continued)*

(a) Junket aggregation business *(Continued)*

The revenue and expenses related to the junket aggregation business are summarised as follows:

	2008 HK\$'000 Unaudited	2007 HK\$'000 Unaudited
Commission from Crown Macau	2,980,584	–
Income from other promotion services	46,347	–
	3,026,931	–
Operating expenses		
Commission to sub-junkets	(2,595,078)	–
Special gaming tax and funds to the Macau government	(21,591)	–
Direct cost of promotion services	(56,559)	–
Staff cost	(7,948)	–
Administrative expenses and others	(9,304)	–
	(2,690,480)	–
Contribution from junket aggregation business	336,451	–
Net entitlement of a shareholder of AMA	(67,290)	–
Net contribution attributable to the Group	269,161	–

3. TURNOVER (Continued)
(b) VIP gaming operation

Thousand Ocean Investments Limited, a wholly-owned subsidiary of the Company is engaged in the operation of the high rolling gaming area (the "VIP Room") in the Greek Mythology Casino reserved exclusively for high-wagering patrons so as to provide promotional services to Sociedade de Jogos de Macau, S.A. ("SJM") in consideration of commission or other forms of remuneration including a share of net gaming wins from the VIP Room, chip commissions, fees and allowances.

The revenue and expenses related to VIP gaming operation are summarised as follows:

	2008 HK\$'000 Unaudited	2007 <i>HK\$'000</i> Unaudited
Share of net gaming wins	3,875	36,672
Chip commissions	5,129	50,083
Fees and allowances	1,378	15,221
	10,382	101,976
Less: Special gaming tax and funds to the Macau government	(67)	(709)
Commission to collaborators	(7,019)	(76,001)
	(7,086)	(76,710)
Contribution from VIP gaming operation	3,296	25,266
Shared by Greek Mythology Casino	(1,030)	(10,270)
Net contribution attributable to the Group	2,266	14,996

3. TURNOVER (Continued)

(c) LIVE baccarat system operation

Gold Faith Development Limited, a wholly-owned subsidiary of the Company, is engaged in the provision of technical consultancy services in respect of electronic LIVE baccarat system to an independent third party in consideration of a share of net gaming wins from the operation of LIVE baccarat system.

(d) Slot machine operation

Jadepower Limited, a wholly-owned subsidiary of the Company, is engaged in the operation of 204 electronic slot machines in the Greek Mythology Casino and is entitled to a certain percentage of net gaming wins therefrom.

4. OTHER REVENUE

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

	2008 HK\$'000 Unaudited	2007 HK\$'000 Unaudited
Continuing operations:		
Interest income from banks	258	791
Rental income	90	48
Sundry income	79	–
	427	839
Discontinued operations:		
Interest income from banks	1	1
Rental income	–	24
Sundry income	48	73
	49	98
	476	937

5. PROFIT FROM OPERATIONS

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

	2008 HK\$'000	2007 HK\$'000
	Unaudited	Unaudited and restated
(a) Staff costs (including directors' remuneration):		
Continuing operations:		
Equity-settled share-based payment expenses	2,498	–
Salaries, wages and other benefits	8,225	4,591
Contributions to defined contribution retirement plans	307	54
	11,030	4,645
Discontinued operations:		
Salaries, wages and other benefits	2,649	2,430
Contributions to defined contribution retirement plans	49	–
	2,698	2,430
	13,728	7,075
(b) Other items:		
Continuing operations:		
Depreciation of property, plant and equipment	952	342
Amortization of intangible assets	1,269	1,843
Auditors' remuneration		
– audit services	100	–
– other services	290	–
Operation lease rentals		
– property rentals	1,515	515
Cost of sales	–	1,678
Discontinued operations:		
Depreciation of property, plant and equipment	680	1,051
Net foreign exchange loss	95	9
Operating lease rental in respect of premises	934	975
Cost of sales	20,866	21,575

6. DIRECTORS' REMUNERATION

The summary of directors' remuneration is as follows:

For the six months ended 30 September 2008

	Directors' fee HK\$'000 Unaudited	Salaries, allowances and benefits in kind HK\$'000 Unaudited	Retirement scheme contributions HK\$'000 Unaudited	Share-based payments HK\$'000 Unaudited	Total HK\$'000 Unaudited
Executive Directors	-	4,420	251	1,249	5,920
Non-executive Director	16	-	-	-	16
Independent Non-executive Directors	171	-	-	-	171
	187	4,420	251	1,249	6,107

For the six months ended 30 September 2007

	Directors' fee HK\$'000 Unaudited	Salaries, allowances and benefits in kind HK\$'000 Unaudited	Retirement scheme contributions HK\$'000 Unaudited	Share-based payments HK\$'000 Unaudited	Total HK\$'000 Unaudited
Executive Directors	96	1,818	22	-	1,936
Non-executive Director	-	-	-	-	-
Independent Non-executive Directors	144	-	-	-	144
	240	1,818	22	-	2,080

7. FINANCE COSTS

	2008 HK\$'000 Unaudited	2007 HK\$'000 Unaudited
Continuing operations:		
Interest on promissory notes and other loans	29,816	27,716
Discontinued operations:		
Interest on bank advances and other borrowings wholly repayable within five years	–	588
Interest on borrowings wholly repayable within five years	886	181
	886	769
	30,702	28,485

8. INCOME TAX

(a) Continuing operations

No provision for Hong Kong profits tax and overseas income tax has been made as the companies of the Group comprising the continuing operations have no estimated assessable profits for the six months ended 30 September 2008 and 2007.

(b) Discontinued operations

No provision for Hong Kong profits tax and overseas income tax has been made as the companies of the Group comprising the discontinued operations have no estimated assessable profits during the six months ended 30 September 2008 and 2007.

(c) Deferred taxation not recognized

There was no material unprovided deferred taxation. The Group has not recognized deferred tax assets in respect of cumulative tax losses of approximately HK\$63.2 million (31 March 2008: HK\$89.2 million) as it is not probable that future taxable profits against which tax losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

9. DISCONTINUED OPERATIONS

The Group's manufacturing and trading of LCD consumer products and LCD products were discontinued at 28 June 2007 and 29 September 2008 respectively.

- (a) The results of the discontinued operations for the six month ended 30 September 2008 and 2007 were as follows:

	<i>Note</i>	2008 HK\$'000 Unaudited	2007 <i>HK\$'000</i> Unaudited
Turnover		27,554	24,399
Cost of sales		(20,866)	(21,574)
Gross Profit		6,688	2,825
Other revenue		49	98
Selling and distribution expenses		(2,710)	(2,376)
General and administrative expenses		(3,026)	(2,779)
Profit/(loss) from operations		1,001	(2,232)
Finance costs		(886)	(769)
Gain on disposal of a subsidiary	10	30,210	13,522
Profit before taxation		30,325	10,521
Income tax		—	—
Profit for the period		30,325	10,521

9. DISCONTINUED OPERATIONS (Continued)

- (b) The net cash flows of the discontinued operations for the six months ended 30 September 2008 and 2007 were as follows:

	2008 HK\$'000 Unaudited	2007 <i>HK\$'000</i> Unaudited
Net cash used in operating activities	(3,991)	(4,998)
Net cash used in investing activities	(128)	(165)
Net cash generated from financing activities	1,459	5,443
	<hr/>	<hr/>
Net cash (used in)/generated from discontinued operations	(2,660)	280

10. GAIN ON DISPOSAL OF SUBSIDIARIES

Net liabilities of subsidiaries disposed of are as follows:

	2008 HK\$'000 Unaudited	2007 <i>HK\$'000</i> Unaudited
Property, plant and equipment	1,161	9,759
Inventories	3,815	867
Trade receivables	7,417	-
Other receivables	1,064	10
Cash and cash equivalents	1,543	105
Trade payables	(8,734)	-
Other payables	(5,440)	(1,489)
Borrowings	(31,026)	(22,774)
	<hr/>	<hr/>
Net liabilities	(30,200)	(13,522)
Written off of amount due from the Company	(10)	-
Total consideration	-	-
	<hr/>	<hr/>
Gain on disposal	(30,210)	(13,522)
	<hr/>	<hr/>
Total consideration satisfied by cash	-	-
Cash and cash equivalents disposed of	1,543	105

11. DIVIDENDS

	Six months ended 30 September 2008		Six months ended 30 September 2007	
	<i>HK cents per share</i>	<i>HK\$'000 Unaudited</i>	<i>HK cents per share</i>	<i>HK\$'000 Unaudited</i>
Interim dividends proposed	1.5	39,883	—	—

At the Board meeting of the Company held on 19 December 2008, the Board has proposed the payment of an interim dividend of HK1.5 cents per share, totalling HK\$39,883,346.

12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

From continuing and discontinued operations

The calculation of the basic earnings/(loss) per share is based on the Group's unaudited profit attributable to shareholders for the six months ended 30 September 2008 of HK\$218,995,000 (2007: loss of HK\$51,708,000) and the weighted average number of 2,658,889,728 shares (2007: 11,204,282,285 shares).

From continuing operations

The calculation of the basic earnings/(loss) per share is based on the Group's unaudited profit attributable to shareholders from continuing operations for the six months ended 30 September 2008 of HK\$188,670,000 (2007: loss of HK\$62,229,000) and the weighted average number of 2,658,889,728 shares (2007: 11,204,282,285 shares).

From discontinued operations

The calculation of the basic earnings per share is based on the Group's unaudited profit attributable to shareholders from discontinued operations for the six months ended 30 September 2008 of HK\$30,325,000 (2007: HK\$10,521,000) and the weighted average number of 2,658,889,728 shares (2007: 11,204,282,285 shares).

12. EARNINGS/(LOSS) PER SHARE (Continued)

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is not presented as the Company does not have any dilutive potential shares for the six months ended 30 September 2008 and 2007.

13. FIXED ASSETS

	Leasehold improvements <i>HK\$'000</i>	Other fixed assets <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost or valuation:					
At 31 March 2008 and at 1 April 2008 (Audited)	3,959	3,875	7,834	4,112	11,946
Additions	188	878	1,066	-	1,066
At 30 September 2008 (Unaudited)	4,147	4,753	8,900	4,112	13,012
Accumulated amortization and depreciation:					
At 31 March 2008 and at 1 April 2008 (Audited)	1,143	791	1,934	-	1,934
Charge for the period	514	438	952	-	952
At 30 September 2008 (Unaudited)	1,657	1,229	2,886	-	2,886
Net book value:					
At 30 September 2008 (Unaudited)	2,490	3,524	6,014	4,112	10,126
At 31 March 2008 (Audited)	2,816	3,084	5,900	4,112	10,012

14. INTEREST IN AN ASSOCIATE

- (a) The following list contains only the particulars of the associate, which is unlisted corporate entity, principally affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Principal activity
Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology")	Incorporated	Macau	2,412 ordinary shares of MOP1,000 each	49.9%	49.9%	Gaming and entertainment business

- (b) Summary financial information on the associate:

	Six months ended 30 September 2008		Six months ended 30 September 2007	
	Revenue HK\$'000 Unaudited	Net profit HK\$'000 Unaudited	Revenue HK\$'000 Unaudited	Net profit HK\$'000 Unaudited
100 per cent	78,011	23,896	153,600	92,829
Group's effective interest	38,928	11,924	76,646	46,322

- (c) Amortisation of intangible assets resulted from acquisition of the associate amounted to HK\$38,718,000 (2007: HK\$89,038,000) for the period.

15. OTHER FINANCIAL ASSETS

	30 September 2008 HK\$'000 Unaudited	At 31 March 2008 HK\$'000 Audited
Available-for sale financial asset	3,609,650	5,109,650

On 10 September 2007, the Group, through Ace High, entered into a profit transfer agreement (the “First Profit Transfer Agreement”) with AMA, whereby the Group agreed to grant a loan facility up to the maximum aggregate amount of HK\$3 billion for the operating capital of AMA to carry out the junket aggregation business and AMA has agreed to transfer all profits, which (i) are generated by AMA from the junket aggregation business under the gaming promotion agreement dated 21 August 2007 entered into, inter alia, between AMA and Melco PBL Gaming (Macau) Limited (the “Gaming Operator”) and (ii) represent the aggregate commissions and bonuses payable by the Gaming Operator to AMA thereunder after deducting (a) the total commissions and bonuses payable by AMA to its collaborators under the gaming intermediary agreements entered into by AMA with its collaborators, and (b) all the relevant operational and administrative expenses incurred and tax payable to the Macau government. On the same day, the Group and Mr. Francisco Xavier Albino (“Mr. Albino”), a shareholder of AMA, made another profit transfer agreement (the “Second Profit Transfer Agreement”) relating to the transfer of 20% of the Profits by the Group to Mr. Albino. Ultimately, only 80% of the Profits will be retained by the Group in summing the First and Second Profit Transfer Agreements.

On 14 December 2007, the Group, through Ace High, provided HK\$1.9 billion under the First Profit Transfer Agreement to AMA which commenced its junket aggregation business on 15 December 2007.

On 29 April 2008, a supplemental agreement (the “Supplemental Agreement”) was entered into between Ace High and AMA such that the term of the First Profit Transfer Agreement is fixed to three years from the date of the Supplemental Agreement and may be renewed at the discretion of Ace High thereafter. Save as disclosed herein, there are no change to the other material terms of the First Profit Transfer Agreement after the entering into of the Supplemental Agreement.

15. OTHER FINANCIAL ASSETS (Continued)

The fair value of available-for-sale financial asset as at 31 March 2008 was measured using the value-in-use calculations, and the fair value measurement was carried out by an independent professional valuer, Grant Sherman Appraisal Limited (“Grant Sherman”). The valuation is based on cash flow forecasts derived from the most recent financial budgets approved by the management of Ace High for a one-year period and extrapolated cash flows beyond a one-year period based on the growth rate of 8% plus a terminal value. The rate used to discount the forecast cash flow is 18.13%.

The fair value of the available-for-sales financial asset as at 30 September 2008 was estimated by the Directors of the Company by reference to the current monthly VIP rolling volume against the forecasted figures as used in the valuation carried out by Grant Sherman as at 31 March 2008.

16. TRADE AND OTHER RECEIVABLES

The ageing analysis of trade receivables at the respective balance sheet dated is as follows:

	30 September 2008 HK\$'000 Unaudited	31 March 2008 HK\$'000 Audited
Trade receivables		
Current	500,686	164,292
Within 1 month	83	–
After 1 month but within 2 months	115	–
	500,884	164,292
Other receivables	8,863	30,054
	509,747	194,346

17. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables at the respective balance sheet dated is as follows:

	30 September 2008 HK\$'000 Unaudited	31 March 2008 HK\$'000 Audited
Trade payables		
Within 1 month	–	–
After 1 month but within 2 months	–	–
After 2 months but within 3 months	–	–
After 3 months	1,436	1,836
	1,436	1,836
Other payables	102,280	39,568
	103,716	41,404

18. BORROWINGS

	30 September 2008 HK\$'000 Unaudited	31 March 2008 HK\$'000 Audited
Other loans, unsecured	9,000	10,000
Less: Non-current portion	–	(5,000)
Current portion	9,000	5,000

Borrowings represent unsecured loans from independent third parties which are unsecured and are repayable on demand. Except for HK\$5 million which bears interest at 6.5% per annum, the remaining loans are interest free.

19. PROMISSORY NOTES

In prior years, the Company issued promissory notes with face value of approximately HK\$1,454,722,000 as part of the consideration for the acquisition of the associate, Greek Mythology.

The promissory notes are unsecured, non-interest bearing and repayable on 27 March 2016, being the tenth year of the date of issue of the promissory notes.

Interest expense on promissory notes are calculated using the effective interest method by applying the effective interest rate of 7% per annum to the fair value of the promissory notes.

20. SHARE CAPITAL

	Note	Number of Shares '000	HK\$'000
Ordinary shares, issued and fully paid			
As 1 April 2007 (Audited)		11,204,282	11,205
Shares issued under the placing	(i)	15,384,615	15,384
At 31 March 2008 and 1 April 2008 (Audited)		26,588,897	26,589
Consolidation of every 10 shares of HK\$0.001 each into 1 consolidated share of HK\$0.01 each	(ii)	(23,930,008)	-
As 30 September 2008 (Unaudited)		2,658,889	26,589

Notes:

(i) Shares issued under the placing

During the year ended 31 March 2008, the Company issued 15,384,615,000 new ordinary shares of HK\$0.001 each pursuant to a placing agreement dated 17 October 2007 entered into with a placing agent at a placing price of HK\$0.13 per share to finance the Company's investment into the VIP junket aggregation business. The placing of shares were completed on 23 November 2007 with a net proceeds of HK\$1,958,919,951, net of expenses incurred.

(ii) Shares Consolidation

Pursuant to an ordinary resolution approved by the shareholders of the Company at a special general meeting held on 7 April 2008, every 10 shares of the Company of HK\$0.001 each were consolidated into 1 new share of the Company of HK\$0.01 each. The Share Consolidation was completed on 8 April 2008 and the authorized and issued share were reduced from 40,000,000,000 shares and 26,588,897,285 shares to 4,000,000,000 shares and 2,658,889,728 shares, respectively.

21. SHARE OPTIONS

The Company has a Share Option Scheme which was adopted on 12 August 2002 whereby the Directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a nominal consideration of HK\$1 to subscribe for shares of the Company. Each share option gives the holder the right to subscribing for one ordinary share in the Company.

- (a) The terms and conditions of the grants that existed during the six months ended 30 September 2008 are as follows, whereby all share options are settled by physical delivery of shares:

	Number of share options	Vesting conditions	Contractual life of share options
Share options granted to directors:			
– on 28 January 2008	9,800,000	Immediately vested	10 years
– on 28 January 2008	7,350,000	One year from the date of grant	10 years
– on 28 January 2008	7,350,000	Two years from the date of grant	10 years
	<u>24,500,000</u>		
Share options granted to employees:			
– on 28 January 2008	6,200,000	Immediately vested	10 years
– on 28 January 2008	4,650,000	One year from the date of grant	10 years
– on 28 January 2008	4,650,000	Two years from the date of grant	10 years
	<u>15,500,000</u>		
Total share options	<u>40,000,000</u>		

21. SHARE OPTIONS (Continued)

- (b) The particulars of the movement of the Company's share options during the six months ended 30 September 2008 is as follows:

Directors and eligible employees	No of share options ('000)				Date of grant	Exercise periods
	At 1 April 2008	Share consolidation	Lapsed during the period	At 30 September 2008		
Directors						
Immediately vested	98,000	(88,200)	-	9,800	28/1/2008	28/1/2008-27/1/2013
One year from the date of grant	73,500	(66,150)	-	7,350	28/1/2008	28/1/2009-27/1/2013
Two years from the date of grant	73,500	(66,150)	-	7,350	28/1/2008	28/1/2010-27/1/2013
	<u>245,000</u>	<u>(220,500)</u>	<u>-</u>	<u>24,500</u>		
Eligible Employees						
Immediately vested	63,600	(57,240)	(160)	6,200	28/1/2008	28/1/2008-27/1/2013
One year from the date of grant	47,700	(42,930)	(120)	4,650	28/1/2008	28/1/2009-27/1/2013
Two years from the date of grant	47,700	(42,930)	(120)	4,650	28/1/2008	28/1/2010-27/1/2013
	<u>159,000</u>	<u>(143,100)</u>	<u>(400)</u>	<u>15,500</u>		
Total share options	<u>404,000</u>	<u>(363,600)</u>	<u>(400)</u>	<u>40,000</u>		

Notes:

- The vesting periods of the above share options are from the date of the options granted until the commencement of the exercise period.
- The exercise price of the above share options has been changed from HK\$0.0736 to HK\$0.736 per share as a result of the share consolidation as detailed in Note 20 (ii).

22. COMMITMENTS

As at 30 September 2008, the Group had the following commitments:

Operating lease commitments

At 30 September 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 September 2008 HK\$'000 Unaudited	31 March 2008 HK\$'000 Audited
Within one year	3,226	3,816
In the second to fifth years	4,436	5,964
	7,662	9,780

Save as disclosed above, the Group and the Company did not have any other significant capital or financial commitments as at 30 September 2008 and 31 March 2008.

23. CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2008.

24. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the six months ended 30 September 2008.

- (a) Remuneration for key management personnel is the amounts paid to the Company's Directors as disclosed in Note 6.
- (b) Other related party transactions

Particulars of significant transactions between the Group and the following related parties are as follows:

	2008 HK\$'000 Unaudited	2007 HK\$'000 Unaudited
Gross revenue from AMA's junket aggregation business received and receivable from AMA, an ex-Director of the Company's subsidiary has controlling interest	336,451	–
Purchases of ferry tickets from Hong Kong North West Express Limited ("HK North West Express"), a related company in which an ex-Director of the Company's subsidiary has controlling interest	–	1,479
Rental expense charged by HK North West Express	–	36
Rental expense charged by Superfaith Corporation Limited, a related company in which an ex-Director of the Company's subsidiary has controlling interest	–	360
Management fee charged by Lemon Capital Strategic Limited, a related company in which an ex-Director of the Company has controlling interest	–	130
Commission income received and receivable from the associate of the Company	–	828
Purchases of casino packages from the associate of the Company	–	199
Consultancy fee charged by an ex-Director of the Company's subsidiary	60	60

24. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

The Directors of the Company are of the opinion that the above transactions with related parties were conducted on normal commercial terms and in the ordinary course of business.

The outstanding balances arising from above transactions at 30 September 2008 and 2007 are as follows:

	Note	2008 HK\$'000 Unaudited	2007 HK\$'000 Unaudited
Amount due from AMA	(i)	500,626	–
Amount due to HK North West Express	(ii)	(1,436)	(1,733)

Notes:

- (i) The amount due from AMA is unsecured, interest free and will be repayable within one year. The amount due from AMA is included in "Trade receivables" under "Trade and other receivables" (Note 16). No allowance for doubtful debts has been made in respect of the amount due from AMA.
- (ii) The amount due to HK North West Express is unsecured, interest free and has no fixed repayment terms. The amount due to HK North West Express is included in "Trade payables" under "Trade and other payables" (Note 17).

25. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date on 20 October 2008, 10,400,000 share options were granted under the Share Option Scheme to certain Directors of the Company to subscribe for 10,400,000 ordinary shares of the Company at an exercise prices of HK\$0.1332 per share.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated due to compliance with the disclosure requirements of HKFRS 5 "Non-current assets held for sale and discontinued operation" and in conformity with the current period's presentation.

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company on 19 December 2008.