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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 2010**

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 2010. 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 2010

	Note	Six months ended 30 September	
		2010 HK\$'000 Unaudited	2009 HK\$'000 Unaudited
<b>Turnover</b>	4	<b>2,398</b>	92,057
Cost of sales		<u>—</u>	<u>—</u>
<b>Gross profit</b>		<b>2,398</b>	92,057
Other revenue	5	<b>43,799</b>	36,788
Reversal/(addition) of impairment loss for available-for-sale financial asset		<b>12,496</b>	(1,294,978)
Selling and distribution expenses		<b>(883)</b>	(2,208)
General and administrative expenses		<u><b>(11,415)</b></u>	<u>(17,818)</u>
<b>Profit/(loss) from operations</b>	6	<b>46,395</b>	(1,186,159)
Finance costs	8	<b>(6,747)</b>	(24,222)
Share of operating profit of an associate	12	<b>37,655</b>	45,209
Reversal/(addition) of impairment loss and amortisation of intangible asset relating to an associate	12	<b>178,546</b>	(43,236)
		<u><b>216,201</b></u>	<u>1,973</u>
<b>Profit/(loss) before taxation</b>		<b>255,849</b>	(1,208,408)
Income tax	9	<u>—</u>	<u>—</u>
<b>Profit/(loss) for the period</b>		<u><b>255,849</b></u>	<u>(1,208,408)</u>
<b>Attributable to:</b>			
Equity owners of the Company		<b>255,849</b>	(1,208,408)
Non-controlling interests		<u>—</u>	<u>—</u>
<b>Profit/(loss) for the period</b>		<u><b>255,849</b></u>	<u>(1,208,408)</u>
<b>Earnings/(loss) per share</b>	11		
— basic		<u><b>HK6.72 cents</b></u>	<u>HK(35.18) cents</u>
— diluted		<u><b>HK6.72 cents</b></u>	<u>HK(35.10) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	2009
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
<b>Profit/(loss) for the period</b>	<b>255,849</b>	(1,208,408)
<b>Other comprehensive income/(loss) for the period:</b>		
Available-for-sale financial assets:		
Decrease in fair value reserve	—	(195,268)
Income tax relating to components of other comprehensive income/(loss)	—	—
<b>Total comprehensive income/(loss) for the period</b>	<b><u>255,849</u></b>	<b><u>(1,403,676)</u></b>
Total comprehensive income/(loss) attributed to:		
Equity owners of the Company	<b>255,849</b>	(1,403,676)
Non-controlling interests	—	—
	<b><u>255,849</u></b>	<b><u>(1,403,676)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

	<i>Note</i>	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
<b>Non-current assets</b>			
Fixed assets			
Investment properties		3,530	3,530
Other property, plant and equipment		<u>1,840</u>	<u>2,298</u>
		<b>5,370</b>	5,828
Intangible assets		7,293	7,678
Interest in an associate	12	547,077	330,876
Other financial assets	13	<u>134,356</u>	<u>121,860</u>
		<u><b>694,096</b></u>	<u>466,242</u>
<b>Current assets</b>			
Trade and other receivables	14	60,754	149,617
Cash and cash equivalents		<u>33,410</u>	<u>16,547</u>
		<u><b>94,164</b></u>	<u>166,164</u>
<b>Current liabilities</b>			
Trade and other payables	15	(106,002)	(108,048)
Borrowings	16	<u>(2,000)</u>	<u>(5,000)</u>
		<u><b>(108,002)</b></u>	<u>(113,048)</u>
<b>Net current (liabilities)/assets</b>		<b>(13,838)</b>	53,116
<b>Total assets less current liabilities</b>		<b>680,258</b>	519,358
<b>Non-current liabilities</b>			
Promissory notes	17	<u>(131,059)</u>	<u>(226,726)</u>
<b>NET ASSETS</b>		<u><b>549,199</b></u>	<u>292,632</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	18	38,060	38,060
Reserves		<u>511,139</u>	<u>254,572</u>
<b>Total equity attributable to equity owners of the Company</b>		<b>549,199</b>	292,632
<b>Non-controlling interests</b>		<u>—</u>	<u>—</u>
<b>TOTAL EQUITY</b>		<u><b>549,199</b></u>	<u>292,632</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Contribution surplus HK\$'000	Capital reserve HK\$'000	Fair value reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2009 (Audited)	26,589	—	(22,470)	2,180,026	7,302	195,268	284,677	2,671,392	—	2,671,392
Total comprehensive loss for the period	—	—	—	—	—	(195,268)	(1,208,408)	(1,403,676)	—	(1,403,676)
Equity settled share-based transactions	—	—	—	—	2,670	—	—	2,670	—	2,670
Share options forfeited during the period	—	—	—	—	(501)	—	501	—	—	—
Shares issued against the promissory notes	11,400	278,180	—	—	—	—	—	289,580	—	289,580
Shares issued under employee share options schemes	71	1,452	—	—	(466)	—	—	1,057	—	1,057
At 30 September 2009 (Unaudited)	<u>38,060</u>	<u>279,632</u>	<u>(22,470)</u>	<u>2,180,026</u>	<u>9,005</u>	<u>—</u>	<u>(923,230)</u>	<u>1,561,023</u>	<u>—</u>	<u>1,561,023</u>
At 1 April 2010 (Audited)	38,060	279,632	(22,470)	2,180,026	9,705	—	(2,192,321)	292,632	—	292,632
Total comprehensive income for the period	—	—	—	—	—	—	255,849	255,849	—	255,849
Equity settled share-based transactions	—	—	—	—	718	—	—	718	—	718
Share options forfeited during the period	—	—	—	—	(3,214)	—	3,214	—	—	—
At 30 September 2010 (Unaudited)	<u>38,060</u>	<u>279,632</u>	<u>(22,470)</u>	<u>2,180,026</u>	<u>7,209</u>	<u>—</u>	<u>(1,933,258)</u>	<u>549,199</u>	<u>—</u>	<u>549,199</u>

## **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 September 2010*

### **1. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 September 2010 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 2010, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2011. Details of these changes in accounting policies are set out in note 2.

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 2010. 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 has been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31 March 2010 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2010 are available from the Company’s registered office. The auditor has expressed a disclaimer opinion on those financial statements in their report dated 30 July 2010 and they are available from the Company’s registered office.

### **2. PRINCIPAL ACCOUNTING POLICIES**

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 2010, 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”).

- HKFRSs (Amendments) Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
- HKFRSs (Amendments) Improvements to HKFRSs (2009)
- HKAS 27 (Revised) Consolidated and separate financial statements
- HKAS 39 (Amendment) Eligible hedged items
- HKFRS 1 (Amendment) Additional exemptions for first-time adopters
- HKFRS 2 (Amendment) Group cash-settled share-based payment transactions
- HK(IFRIC)-INT 17 Distributions of non-cash assets to owners
- HKAS 32 (Amendment) Classification of rights issues

The Group applies HKFRS 3 (Revised) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related party disclosures <sup>3</sup>
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HK(IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement <sup>4</sup>
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

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

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 3. SEGMENT REPORTING

The Group has discontinued its operation in manufacturing and trading of LCD consumer products and LCD modules for the year ended 31 March 2009. In accordingly, over 90% of the Group's turnover, results and assets are derived from a single business segment which is investment in gaming and entertainment related business. No business segment information is presented.

The Group's turnover and results from operations are mainly derived from activities in Macau. The principal assets of the Group are located in the Macau. Accordingly, no analysis by geographical segment is provided.

#### Major customers

No analysis of the Group's turnover and contribution from operations 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 revenues.



#### 4. TURNOVER

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

		Six months ended 30 September	
		2010	2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited
Revenue from investments in gaming and entertainment related business			
— Investment in Junket related operation	a	—	89,972
— Investment in VIP gaming related operation	b	1,895	1,673
— Investment in slot machine operation	c	503	412
		<u>2,398</u>	<u>92,057</u>

##### (a) Investment in Junket related operation

The Group, through its subsidiary, Ace High Group Limited (“Ace High”), invested, on 14 December 2007, in the junket related operation of AMA International Limited (“AMA”), incorporated in Macau and the holder of a junket 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 in the Altira Macau Casino and receives commissions therefrom (the “Junket related operation”). With effect from 15 December 2007, Ace High receives 80% of the profits generated by AMA from the Junket related operation, in accordance with the First Profit Transfer Agreement and the Second Profit Transfer Agreement.

The revenue and expenses related to the Junket related operation of AMA are summarised as follows:

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>Unaudited</b>	Unaudited
Commission from the Altira Macau Casino	<b>5,435</b>	1,754,656
Income from other promotion services	—	35,411
Other income	<u><b>1</b></u>	<u>—</u>
	<u><b>5,436</b></u>	<u>1,790,067</u>
<b>Operating expenses</b>		
Commission to sub-junkets	—	(1,547,201)
Special gaming tax and funds to the Macau government	—	(12,952)
Direct cost of promotion services	—	(45,797)
Staff costs	<b>(7,702)</b>	(12,364)
Administrative expenses and others	<u><b>(2,149)</b></u>	<u>(9,288)</u>
	<u><b>(9,851)</b></u>	<u>(1,627,602)</u>
Contribution from junket aggregation business	<b>(4,415)</b>	162,465
Impairment for bad and doubtful debt*	<u>—</u>	<u>(50,000)</u>
Net contribution from junket aggregation business	<u><b>(4,415)</b></u>	<u>112,465</u>
Entitlement attributable to a shareholder of AMA	<b>883</b>	(32,493)
Impairment for bad and doubtful debt attributable to a shareholder of AMA*	<u>—</u>	<u>10,000</u>
Net entitlement attributable to a shareholder of AMA	<u><b>883</b></u>	<u>(22,493)</u>
Net contribution attributable to the Group <sup>#</sup>	<u><b>(3,532)</b></u>	<u>89,972</u>

\* The amount represents the impairment for bad and doubtful debts of AMA that are not covered by the guaranteed amount of a shareholder.

<sup>#</sup> According to the First Profit Transfer Agreement, Ace High only shared the distributed profit from AMA. Since AMA did not have distributable profit for the period, no distributable profit was shared for the period ended 30 September 2010.

**(b) Investment in VIP gaming related operation**

Thousand Ocean Investments Limited, a wholly-owned subsidiary of the Company, is engaged in the investment in the high rolling gaming area (the “VIP room”) in the Greek Mythology Casino reserved exclusively for high-wagering patrons in consideration for a share of the net gaming wins from the VIP room.

	<b>Six months ended 30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Share of net gaming wins	<b>12,800</b>	14,578
Operating expenses		
Commission to collaborators	<u>(10,432)</u>	<u>(12,487)</u>
Contribution from VIP gaming operation	<b>2,368</b>	2,091
Shared by the Greek Mythology Casino	<u>(473)</u>	<u>(418)</u>
Net contribution attributable to the Group	<u><b>1,895</b></u>	<u>1,673</u>

**(c) Investment in slot machine operation**

Jadepower Limited, a wholly-owned subsidiary of the Company, is engaged in the investment in the operation of 90 (2009: 90) electronic slot machines in the Greek Mythology Casino and is entitled to a certain percentage of the net gaming wins from the operation of 90 (2009: 90) electronic slot machines in the Greek Mythology Casino.

**5. OTHER REVENUE**

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

	<b>Six months ended 30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Interest income from loan to promissory note holders	<b>1,374</b>	1,423
Gain on fair value upon shares issued against the promissory notes*	—	35,251
Rental income	<b>108</b>	108
Sundry income	—	6
Gain on fair value upon loan receivables offset against the promissory notes <sup>#</sup>	<u><b>42,317</b></u>	<u>—</u>
	<u><b>43,799</b></u>	<u>36,788</u>

\* The amount represents difference arising from offsetting the carrying amount of promissory notes and the fair value of the issued shares.

<sup>#</sup> The loans to promissory notes holders were fully off-set against the face value of the promissory notes. The excess amount over loan receivable and accrued loan interest was recognised as other revenue in the condensed consolidated statement of comprehensive income.

## 6. PROFIT/LOSS FROM OPERATIONS

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

	Six months ended 30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
<b>(a) Staff costs</b>		
Equity-settled share-based payment expenses	718	2,670
Salaries, wages and other benefits	5,340	6,749
Contributions to defined contribution retirement plans	93	145
	<u>6,151</u>	<u>9,564</u>
<b>(b) Other items:</b>		
Depreciation of property, plant and equipment	813	851
Amortisation of intangible assets	385	905
Loss on disposal of property, plant and equipment	—	729
Auditors' remuneration		
— audit services	—	—
— other services	150	190
Operation lease charges in respect of premises:		
— minimum lease payments	1,261	1,658
Gross rental income from investment properties less direct outgoings of HK\$35,000 (2009: HK\$35,000)	<u>(73)</u>	<u>(73)</u>

## 7. DIRECTORS' REMUNERATION

The summary of directors' remuneration is as follows:

For the six months ended 30 September 2010

	Directors' fee	Salaries, allowances and benefits in kind	Retirement scheme contributions	Share-based payments	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Executive directors	—	1,757	13	28	1,798
Non-executive director	136	—	—	—	136
Independent non-executive directors	173	—	—	59	232
	<u>309</u>	<u>1,757</u>	<u>13</u>	<u>87</u>	<u>2,166</u>

For the six months ended 30 September 2009

	Directors' fee <i>HK\$'000</i> Unaudited	Salaries, allowances and benefits in kind <i>HK\$'000</i> Unaudited	Retirement scheme contributions <i>HK\$'000</i> Unaudited	Share-based payments <i>HK\$'000</i> Unaudited	Total <i>HK\$'000</i> Unaudited
Executive directors	—	1,765	73	1,234	3,072
Non-executive director	60	—	—	147	207
Independent non-executive directors	<u>323</u>	<u>—</u>	<u>—</u>	<u>440</u>	<u>763</u>
	<u><u>383</u></u>	<u><u>1,765</u></u>	<u><u>73</u></u>	<u><u>1,821</u></u>	<u><u>4,042</u></u>

## 8. FINANCE COSTS

	Six months ended 30 September	
	2010 <i>HK\$'000</i> Unaudited	2009 <i>HK\$'000</i> Unaudited
Interest on other borrowings	107	20
Interest on promissory notes	<u>6,640</u>	<u>24,202</u>
	<u><u>6,747</u></u>	<u><u>24,222</u></u>

## 9. INCOME TAX

### (a) Current tax

No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the continuing operations have no estimated assessable profits for the six months ended 30 September 2010 and 2009.

### (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 2010: 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.

## 10. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2010 (2009: HK\$nil).

## 11. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the unaudited profit/(loss) attributable to equity owners of the Company of approximately HK\$255,849,000 (2009: loss of HK\$1,208,408,000) and the weighted average number of ordinary shares in issue during the period, calculated as follows:

*Weighted average number of ordinary shares*

	2010 '000 Unaudited	2009 '000 Unaudited
Issued ordinary shares at 1 April	3,805,989	2,658,889
Effect of shares issued against promissory notes	—	771,475
Shares issued under employee share options schemes	—	4,132
	<u>3,805,989</u>	<u>3,434,496</u>
Weighted average number of ordinary shares at 30 September	<u><u>3,805,989</u></u>	<u><u>3,434,496</u></u>

### (b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the unaudited profit attributable to equity owners of the Company of HK\$255,849,000 (2009: loss of HK\$1,208,408,000) and the weighted average number of ordinary shares of 3,808,190,000 shares (2009: 3,442,395,000 shares) in issue during the period, calculated as follows:

*Weighted average number of ordinary shares*

	2010 '000 Unaudited	2009 '000 Unaudited
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,805,989	3,434,496
Effect of deemed issue of shares under Company's share option scheme for nil consideration	<u>2,201</u>	<u>7,899</u>
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	<u><u>3,808,190</u></u>	<u><u>3,442,395</u></u>

## 12. INTEREST IN AN ASSOCIATE

- (a) The following list contains only the particulars of the associate, an unlisted corporate entity, which 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 related business

- (b) Summary financial information of the associate:

	<b>Six months ended 30 September 2010</b>	
	<b>Revenue HK\$'000 Unaudited</b>	<b>Operating profit HK\$'000 Unaudited</b>
100 per cent Group's effective interest	176,613 <u>88,130</u>	75,462 <u>37,655</u>
	<b>Six months ended 30 September 2009</b>	
	<b>Revenue HK\$'000 Unaudited</b>	<b>Operating profit HK\$'000 Unaudited</b>
100 per cent Group's effective interest	152,820 <u>76,257</u>	90,600 <u>45,209</u>
	<b>2010 HK\$'000 Unaudited</b>	<b>2009 HK\$'000 Unaudited</b>
Group's effective interest in the associate's operating profit	<b>37,655</b>	45,209
Amortisation of intangible asset	<b>(1,818)</b>	(31,077)
Reversal/(addition) of impairment of intangible asset	<b>180,364</b>	(12,159)
	<b>178,546</b>	(43,236)
Net Profit	<b>216,201</b>	1,973

(c) Reversal/(provision) of impairment of intangible assets of the associate

The intangible asset relating to the associate refers to a right of sharing the profit from gaming related operations in the Greek Mythology Casino for a period of 14 years from 1 April 2006. The management of the Group reviewed internal and external information relating to the gaming operations of the associate to identify the recoverable amount of the intangible as well as indications as to whether impairment should be added or reversed. In considering the recoverable amount and the impairment, the management took into account that a new gaming area targeting at high-end customers was newly opened in the Casino in August 2010, resulting that the net win has been improved.

The recoverable amount of the above intangible asset is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a four-year period, and cash flows for the following six years (2009: seven years) are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	<b>2010</b>
	%
— Growth in revenue year-on-year	3–10
— Discount rate	12.41

The growth in revenue is based on past performance, management's expectations of market development and industry information. The discount rate reflects the specific risks relating to Macau's casino gaming industry.

The above value-in-use calculations as at 30 September 2010 were stated in a report on a valuation carried out by an independent professional valuer, Grant Sherman Appraisal Limited ("Grant Sherman") with recent experience in conducting business and intangible assets valuation in gaming and entertainment industry in Macau.

Based on above valuations, the carrying amount of the intangible asset as at 30 September 2010 is lower than its recoverable amount, and the management considered that a reversal of impairment loss of approximately HK\$361,450,000 (2009: impairment loss HK\$24,367,000) is necessary at the associate level. The Group's share of a reversal of impairment loss of the intangible asset of HK\$180,364,000 (2009: impairment loss of HK\$12,159,000) is included in the "share of profit of an associate" in the condensed consolidated income statement for the period ended 30 September 2010.



### 13. OTHER FINANCIAL ASSET

HK\$'000

#### Available-for sale financial asset, at fair value

At 1 April 2010 (audited)	121,860
Add: Reversal of impairment loss	<u>12,496</u>
At 30 September 2010 (unaudited)	<u><u>134,356</u></u>

#### Impairment assessment:

As at 30 September 2010, in view of (1) the business cooperation mode between AMA and the Gaming Operator in Macau since December 2009; (2) financial difficulties of AMA and its failure to recover the credit granted to the collaborators; (3) the financial position and the junket related business of AMA; and (4) the collaborators repaid the loans to AMA, the directors of the Company review internal and external sources of information in respect of the fair value of the available-for-sale financial assets and a reversal of impairment allowance of HK\$12,496,000.

The fair value of available-for-sale financial asset as at 30 September 2010 was measured using the value-in-use calculation by an independent professional valuer, Grant Sherman Appraisal Limited.

#### Key assumptions used by the management of the Company for value-in-use calculations:

- There are a series of litigation and recovery plan in progress against the collaborators at AMA and therefore recovery of the amount is uncertain. As such, the absence of available information and supporting documents from AMA and its collaborators, the Company is unable to assess the total amount that would be received by AMA from the collaborators, and hence, the Repayment Schedules provided by the Company only includes the amounts owed by the collaborators who had signed the Repayment Agreements;
- Nil amount will be received from those collaborators with which no Repayment Schedules have been agreed and no Repayment Agreements have been entered into;
- Upon receiving the repayments from the collaborators by AMA, AMA will repay the amount to the Group before settling other liabilities notwithstanding a creditor has taken legal action against AMA for the recovery of debts due by AMA;
- Repayment Schedules and Repayment Agreements entered into between AMA and the collaborators have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Company;
- The collaborators will repay the outstanding amount to AMA according to the Repayment Schedules without default;
- Discount rate of 17.2%.

#### 14. TRADE AND OTHER RECEIVABLES

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

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Trade receivables from AMA	<b>488,294</b>	498,294
Less: impairment	<b>(468,294)</b>	(468,294)
	<b>20,000</b>	30,000
Other receivables	<b>28,800</b>	29,800
Less: impairment	<b>(28,800)</b>	(28,800)
	—	1,000
Loans to promissory notes holders	—	55,000
Interest receivables for loans to promissory notes holders	—	3,616
Advance to collaborators	<b>30,490</b>	54,020
Due from an associate	<b>8,360</b>	4,768
Loans and receivable	<b>58,850</b>	148,404
Rental and other deposits	<b>895</b>	1,203
Prepayment	<b>1,009</b>	10
	<b>60,754</b>	149,617

#### 15. TRADE AND OTHER PAYABLES

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

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Trade payables		
After 3 months	<b>853</b>	853
Accruals and other payables	<b>105,149</b>	107,195
	<b>106,002</b>	108,048

## 16. BORROWINGS

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Other loans from independent third parties, unsecured, bear interest at 5% (2009: 6.5% per annum) and repayable on demand	<u><b>2,000</b></u>	<u>5,000</u>

## 17. PROMISSORY NOTES

- (a) In 2006, the Company issued promissory notes with a face value of approximately HK\$1,454,722,000 to shareholders of the associate as part of the consideration for the acquisition of the associate.

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

Interest expense on promissory notes is calculated using the effective interest method by applying the effective interest rate of 7% per annum to the fair value of the promissory notes and is deducted from the carrying value of the promissory notes and charged to condensed consolidated statement of comprehensive income.

	<i>HK\$'000</i>
At 1 April 2009 (audited)	906,612
Add: Interest on promissory notes	24,202
Less: offset by issuing shares	<u>(324,832)</u>
At 30 September 2009 (unaudited)	<u>605,982</u>
At 1 April 2010 (audited)	226,726
Add: Interest on promissory notes	6,640
Less: Offset by loan receivables waived	<u>(102,307)</u>
At 30 September 2010 (unaudited)	<u>131,059</u>

- (b) The loans to promissory notes holders were fully off-set against the face value of the promissory notes. The excess amount over loans receivable and accrued loan interest was recognised as other revenue in the consolidated statement of comprehensive income.

## 18. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>		
<i>Authorised:</i>		
At 1 April 2009, 31 March 2010 and 1 April 2010	4,000,000	40,000
<i>Increase in authorised:</i>		
Share capital	<u>4,000,000</u>	<u>40,000</u>
At 30 September 2010	<u><u>8,000,000</u></u>	<u><u>80,000</u></u>
<i>Issued and fully paid:</i>		
At 1 April 2009 (audited)	2,658,889	26,589
Shares issued by ways of against the promissory notes	1,140,000	11,400
Shares issued under employee share options schemes	<u>7,100</u>	<u>71</u>
At 31 March 2010 (audited), 1 April 2010 and 30 September 2010 (unaudited)	<u><u>3,805,989</u></u>	<u><u>38,060</u></u>

## 19. COMMITMENTS

As at 30 September 2010, the Group had the following commitments:

(a) Operating lease commitments

At 30 September 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Within one year	<u><u>1,261</u></u>	<u><u>2,774</u></u>

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of 3 years. The lease did not include extension options. None of the leases include contingent rentals.

(b) Save as disclosed above, the Group and the Company did not have any other significant capital or financial commitments as at 30 September 2010 and 31 March 2010.

## 20. CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2010 and 31 March 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

During the six months ended 30 September 2010, the Group's investment was solely in gaming and entertainment industry of Macau. Its core investment made was the 49.9% equity investment in Greek Mythology Casino and VIP gaming related businesses and slot machines business.

The Group had total revenue of HK\$46.2 million for the six months ended 30 September 2010, consisting of revenue from the first fully reported six-month period of the Group's VIP gaming and slot machines business of HK\$2.4 million and other revenue of HK\$43.8 million.

Net profit for the six months ended 30 September 2010 amounted to HK\$256 million as compared to a loss of HK\$1.21 billion for the same period last year. The profit was mainly attributed to (i) the reversal of impairment loss on the fair value of an Available-for-Sales Financial Asset due to the reduction of discount rate used in its valuation according to the current market rate; and (ii) the reversal of impairment loss on an intangible asset representing the 49.9% interest in the operating right of Greek Mythology Casino in Macau as a result of the net win being improved from a new gaming area targeting at high-end customers newly opened in the Casino in August 2010; and (iii) the gain on fair value upon loan receivables offset against the promissory notes.

The loan and receivables from AMA International, our Macau business partner remains in active progress. There was no profit and loss impact from the work in progress for the six months ended 30 September 2010.

An analysis of the Group's consolidated results for the six-month period ended 30 September 2010 and 2009 are as follow:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Total Revenue</b>	<b>46,197</b>	128,845
Reversal/(addition) of impairment loss for available-for-sale financial asset	<b>12,496</b>	(1,294,978)
Selling and distribution and other administrative expenses	<b>(12,298)</b>	(20,026)
<b>Profit/(loss) from operations</b>	<b>46,395</b>	(1,186,159)
Finance costs	<b>(6,747)</b>	(24,222)
Share of profit of an associate	<b>216,201</b>	1,973
<b>Profit/(loss) for the period</b>	<b>255,849</b>	(1,208,408)

## **Business Review and Prospects**

### ***Gaming and Entertainment Business***

#### *VIP and Other Gaming Entertainment Business*

The Group, through certain subsidiaries, is responsible for (i) promotion, sales and advertising, client development, coordination and operation of the high-roller gaming area; and (ii) operation of electronic slot machines of the Greek Mythology Casino.

During the six months under review, net contribution from the business was HK\$2.40 million, against HK\$2.09 million in the same period last year.

#### *Greek Mythology Casino*

The Group manages the Greek Mythology Casino in Macau via its 49.9% ownership of Greek Mythology. Greek Mythology is accounted for as an associated company of the Group.

Net profit for the six months ended 30 September 2010 of the Group amounted to HK\$37.7 million as compared to HK\$45.2 million made in the same period last year.

Greek Mythology Casino is under renovation. Third floor of the casino has been completed its renovation and work is on-going for ground floor to second floor. Furthermore, slot machines at the casinos are gradually being replaced with new ones in anticipation of new flow of customers. The Group projects that improvements to Greek Mythology Casino will provide long-term benefits to future business operations.

## **OUTLOOK**

The overall sentiment of the market and the economy was rather positive during the six months in review. During this time, the Group is mainly focused on two markets, China and Macau. If there is key driver of growth in both markets, it would undoubtedly be the growing wealth of mainland Chinese, and their fast-growing disposable income. With this in mind, the Group has been positioning itself to benefit from a target market of mid-to-high end and VIP consumers in Mainland China. As mentioned in our corporate announcement, the recent acquisition of a controlling stake in “LeCai Guangxi”, a PRC Lottery Services company in Guangxi province of China was the first step under new development strategies.

For the first nine months of 2010, lottery sales in mainland China grew at a clipping pace of 23.2% when compared to the same period last year. The company expects this trend to continue as the overall wealth across the whole of China translates to a budding wealthy class and a greater portion of income spent on Leisure and Entertainment related expenses. The mission of the Company is to provide the quality and reliable high-end leisure and entertainment services for both mid-to-high and VIP consumers of Mainland Chinese.

As the Group prepares for emergence from restructuring and set a clear path ahead, it is the management's utmost desire to have a well-positioned portfolio of investments to and the right business development strategies prepare for the bright future of the Group.

## **INTERIM DIVIDENDS**

The Directors do not recommend any interim dividend for the six months ended 30 September 2010 (2009: nil).

## **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 2010, total assets of the Group were HK\$788 million (31 March 2010: HK\$632 million), comprising non-current assets of HK\$694 million (31 March 2010: HK\$466 million) and current assets of HK\$94 million (31 March 2010: 166 million) which were financed by shareholders' funds of HK\$549 million (31 March 2010: HK\$293 million), non-controlling interests of HK\$Nil (31 March 2010: HK\$Nil), current liabilities of HK\$108 million (31 March 2010: HK\$113 million) and non-current liabilities of HK\$131 million (31 March 2010: HK\$227 million).

The Group's current ratio, expressed as current assets over current liabilities was maintained at a level of 0.87 times (31 March 2010: 1.47 times).

The gearing ratio calculated as a ratio of total borrowings to shareholders' funds, was maintained at a low level of 24% (31 March 2010: 79%).

## **SHARE CAPITAL STRUCTURE**

In May 2009, the Company allotted and issued 1,000,000,000 new shares of an aggregate nominal value of HK\$10 million at a subscribed price of HK\$0.4 per Share to Mr. Ng Man Sun ("Mr. Ng") pursuant to the subscription agreement was entered the Company and Mr. Ng on 20 March 2009 and approved by the shareholders of the Company on the Special General Meeting (the "SGM") held on 11 May 2009.

In July 2009, the Company allotted and issued 140,000,000 new shares each in cash at a subscription price of HK\$0.82 per subscription shares to the Subscriber, who is an independent third party to the Company pursuant to the subscription agreement and the supplemental agreement entered between the Company and the subscriber on 15 June 2009 and 17 June 2009 respectively.

As at 30 September 2009, the Company issued 7,100,000 shares with par value of HK\$0.1 each, including 2,600,000 shares at an exercise price of HK\$0.1332 per share and 4,500,000 shares at an exercise price of HK\$0.158 per shares upon the exercise of the granted options during the period under review.

In September 2010, the Company increased the authorised share capital from 4,000,000,000 shares with par value of HK\$0.01 each to 8,000,000,000 shares with par value of HK\$0.01 each.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2010, the Group employed a total of approximately 14 (2009: 18) 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.

## **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 2010.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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.

## **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. For the strengthening of corporate governance of the Company, Horwath CAS had been appointed for an overall corporate governance review.

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").

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.

## **REVIEW OF RESULT**

The Group's unaudited condensed consolidated results for the six months ended 30 September 2010 have been reviewed by the Audit Committee of the Company.

On behalf of the Board  
**Deng Xiaomei**  
*Chairwoman*

Hong Kong, 29 November 2010

*As at the date of this announcement, the board of Directors comprises 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. Fang Ang Zhen, Mr. Yoshida Tsuyoshi and Dr. Dingjie Wu being the independent non-executive Directors.*

\* *for identification purposes only*