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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 2012**

The board (the “Board”) of directors (the “Directors”) of Amax Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012. 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 2012*

		<b>Six months ended 30 September</b>	
		<b>2012</b>	<b>2011</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>Unaudited</b>	<b>Unaudited</b>
			<b>(restated)</b>
<b>Turnover</b>	4	<b>2,440</b>	2,410
Cost of sales		<b>(81)</b>	(20)
<b>Gross profit</b>		<b>2,359</b>	2,390
Other revenue	5	<b>113</b>	1,113
Gain on remeasurement of previously held interest in Nanning Issue-Joy on acquiring control		—	3,077
Addition of impairment loss of available-for-sale financial asset		—	(126)
Selling and distribution expenses		<b>(558)</b>	(385)
General and administrative expenses		<b>(11,885)</b>	(10,388)
<b>Loss from operations</b>	6	<b>(9,971)</b>	(4,319)
Finance costs	7	<b>(4,991)</b>	(4,664)
Share of profit of an associate	8	—	220,064
<b>(Loss)/profit before taxation</b>		<b>(14,962)</b>	211,081
Income tax	9	—	—
<b>(Loss)/profit for the period</b>		<b>(14,962)</b>	211,081
<b>Attributable to:</b>			
Owners of the Company		<b>(14,455)</b>	211,384
Non-controlling interests		<b>(507)</b>	(303)
<b>(Loss)/profit for the period</b>		<b>(14,962)</b>	211,081
<b>(Loss)/earnings per share</b>	11		
— basic and diluted		<b>HK\$(0.35) cents</b>	<b>HK\$5.09 cents</b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 September 2012*

	<b>Six months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
		<b>(restated)</b>
<b>(Loss)/profit for the period</b>	<b>(14,962)</b>	<b>211,081</b>
<b>Other comprehensive income for the period</b>		
Exchange differences on translation of foreign operations	<b>(11)</b>	<b>—</b>
<b>Total comprehensive income for the period</b>	<b>(14,973)</b>	<b>211,081</b>
Total comprehensive income attributed to:		
Owners of the Company	<b>(14,463)</b>	<b>211,384</b>
Non-controlling interests	<b>(510)</b>	<b>(303)</b>
	<b>(14,973)</b>	<b>211,081</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	<i>Note</i>	<b>30 September 2012 HK\$'000 Unaudited</b>	31 March 2012 HK\$'000 Audited
<b>Non-current assets</b>			
Property, plant and equipment		1,417	1,913
Investment properties		4,420	4,420
Intangible assets		16,109	16,365
Goodwill		—	—
Interest in an associate	8	1,191,209	1,191,209
Other financial asset		—	—
		<u>1,213,155</u>	<u>1,213,907</u>
<b>Current assets</b>			
Trade and other receivables	12	69,576	67,856
Cash and cash equivalents		18,616	28,434
		88,192	96,290
<b>Current liabilities</b>			
Trade and other payables	13	<u>(107,280)</u>	<u>(106,148)</u>
<b>Net current liabilities</b>		<u>(19,088)</u>	<u>(9,858)</u>
<b>Total assets less current liabilities</b>		1,194,067	1,204,049
<b>Non-current liabilities</b>			
Promissory notes		<u>(150,048)</u>	<u>(145,057)</u>
<b>NET ASSETS</b>		<u><u>1,044,019</u></u>	<u><u>1,058,992</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital		41,527	41,527
Reserves		<u>1,002,452</u>	<u>1,016,915</u>
<b>Total equity attributable to owners of the Company</b>		1,043,979	1,058,442
<b>Non-controlling interests</b>		<u>40</u>	<u>550</u>
<b>TOTAL EQUITY</b>		<u><u>1,044,019</u></u>	<u><u>1,058,992</u></u>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2012

## 1. BASIS OF PREPARATION

### a) Statement of compliance

This condensed consolidated interim financial information for the six months ended 30 September 2012 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 2012, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2013. 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 2012. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”).

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

### b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the six months ended 30 September 2012 comprise the Company and its subsidiaries and the Group’s interest in an associate.

## 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 2012, 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”).

Amendments to HKFRS 7	Financial Instruments: Disclosure — Transfer of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 March 2013 may be affected by the issuance of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial report. Therefore the policies that will be applied in the Group's financial statements for the year ending 31 March 2013 cannot be determined with certainty at the date of issuance of the interim financial report.

### 3. SEGMENT REPORTING

As 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.

#### a) 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.

#### b) Revenue from major products and services

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

#### c) Geographical information

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

	<b>Hong Kong</b> <b>(place of</b> <b>domicile)</b> <i>HK\$'000</i>	<b>Macau</b> <i>HK\$'000</i>	<b>PRC</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>For the six months ended 30 September 2012</b>				
<b>(unaudited)</b>				
Segment revenue	—	2,400	40	2,440
Revenue from external customers	—	2,400	40	2,440
	<u>—</u>	<u>2,400</u>	<u>40</u>	<u>2,440</u>
<b>At 30 September 2012 (unaudited)</b>				
Specified non-current assets	5,013	1,207,318	824	1,213,155
	<u>5,013</u>	<u>1,207,318</u>	<u>824</u>	<u>1,213,155</u>
<b>For the six months ended 30 September 2011</b>				
<b>(unaudited)</b>				
Segment revenue	—	2,400	10	2,410
Revenue from external customers	—	2,400	10	2,410
	<u>—</u>	<u>2,400</u>	<u>10</u>	<u>2,410</u>
<b>At 31 March 2012 (audited)</b>				
Specified non-current assets	5,304	1,207,574	1,029	1,213,907
	<u>5,304</u>	<u>1,207,574</u>	<u>1,029</u>	<u>1,213,907</u>

#### 4. TURNOVER

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

	<i>Note</i>	<b>Six months ended 30 September</b>	
		<b>2012</b>	<b>2011</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>Unaudited</b>	<b>Unaudited</b>
Revenue from investments in gaming and entertainment related business			
— Investment in Junket related operation	a	—	—
— Investment in VIP gaming related operation	b	<b>1,800</b>	1,800
— Investment in slot machine related operation	c	<b>600</b>	600
— Provision of services to Guangxi Welfare Lottery Authority	d	<b>40</b>	10
		<u><b>2,440</b></u>	<u>2,410</u>

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

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

	<b>Six months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>Unaudited</b>	<b>Unaudited</b>
Other income	—	7,521
Operating expenses		
Staff costs	—	(7,033)
Administrative expenses	(5)	(1,125)
	<u>(5)</u>	<u>(8,158)</u>
Deficit from Junket related operation	(5)	(637)
Distribution under Second Profit Transfer Agreement	—	127
Loss attributable to the Group <sup>#</sup>	<u>(5)</u>	<u>(510)</u>
Revenue from investment in Junket related operation	<u>—</u>	<u>—</u>

<sup>#</sup> According to the First Profit Transfer Agreement, Ace High Limited only shared the distributed profit from AMA International Limited ("AMA"). Since AMA did not have distributable profit for the period, no distributable profit was shared for the period ended 30 September 2012 and 2011.

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

	<b>Six months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Monthly income	<u>1,800</u>	<u>1,800</u>
Net contribution from Gaming Tables attributable to the Group	<u>1,800</u>	<u>1,800</u>

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

	<b>Six months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Monthly income	<u>600</u>	<u>600</u>

**d) Provision of services to Guangxi Welfare Lottery Authority**

The income is generated from Nanning Inter-Joy LOTTO Information Service Co. Ltd., a subsidiary of the Company.

**5. OTHER REVENUE**

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

	<b>Six months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Interest income from banks	1	—
Rental income	108	108
Reversal of impairment loss on other receivable	—	1,000
Sundry income	<u>4</u>	<u>5</u>
	<u>113</u>	<u>1,113</u>



## 6. LOSS FROM OPERATIONS

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

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	Unaudited	Unaudited
<b>a) Staff costs</b>		
Salaries, wages and other benefits	4,578	4,685
Contributions to defined contribution retirement plans	221	140
	<u>4,799</u>	<u>4,825</u>
<b>b) Other items</b>		
Depreciation of property, plant and equipment	427	541
Amortisation of intangible assets	255	385
Auditor's remuneration		
— audit services	—	—
— other services	239	258
Operation lease charges in respect of premises:		
— minimum lease payments	810	562
Gross rental income from investment properties less direct outgoings of HK\$12,000 (2011: HK\$26,000)	(96)	(82)

## 7. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest on promissory notes, being total interest expenses on financial liabilities not at fair value through profit or loss	<u>4,991</u>	<u>4,664</u>

## 8. INTEREST IN AN ASSOCIATE

The interim consolidated financial statements of the Group include all available financial information to reflect the Group's current financial performance and position to the shareholders except that of Greek Mythology due to the financial information of Greek Mythology for the six months ended 30 September 2012 is not made available to the Company in a timely manner for the preparation of the consolidated interim financial statements.

Due to the change of the Company's board of directors in September 2012, the new board needs time to work with the management of Greek Mythology to access the relevant financial information. The Company is taking proactive actions to access the financial information of the associate, including but not limited to, appointing a director to the board of directors of the associate and making continuous communication with the management of Greek Mythology.

The financial performance for the six months ended 30 September 2012 of the Group reflects the impact of the failure in accessing the associate's financial information in a timely manner, which does not reflect the actual performances of Greek Mythology and the Group. The Company will provide the updated consolidated financial statements once relevant financial information of Greek Mythology is obtained.

The carrying amount of the Group's interest in Greek Mythology is approximately HK\$1,191,209,000 (31 March 2012: HK\$1,191,209,000) as at 30 September 2012.

## 9. INCOME TAX

- a) No provision for Hong Kong profits tax and overseas income tax has been made as the Group had no estimated assessable profits for the six months ended 30 September 2012 and 2011.
- b) Deferred taxation not recognised

The Group did not recognized deferred tax assets in respect of cumulative tax losses of approximately HK\$7,107,000 (31 March 2012: HK\$ 5,435,000) as at 30 September 2012 as it is not probable that future taxable profits, against which the losses can be utilised, will be available in the relevant tax jurisdiction and entity. Of the total tax losses, losses of approximately HK\$6,540,000 (31 March 2012: HK\$4,868,000) will expire within 5 years and the remaining tax losses of approximately HK\$567,000 (31 March 2012: HK\$567,000) have no expiry date under the current tax legislation.

## 10. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2012 (2011: HK\$nil).

## 11. (LOSS)/EARNINGS PER SHARE

The calculation of the (loss)/earnings per share is based on the unaudited (loss)/profit attributable to owners of the Company of approximately HK\$14,455,000 (2011: HK\$211,384,000) and the weighted average number of 4,152,656,000 ordinary shares (2011: 4,152,656,000 ordinary shares) in issue during the period.

Diluted (loss)/earnings is equal to basic (loss)/earnings as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2012 and 2011.

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 September 2012 HK\$'000 Unaudited</b>	31 March 2012 HK\$'000 Audited
Trade receivables from AMA	468,294	468,294
Less: impairment	(468,294)	(468,294)
	—	—
Other receivables	90,011	88,640
Less: impairment	(26,800)	(25,300)
	63,211	63,340
Due from an associate	5,037	3,037
Loans and receivable	68,248	66,377
Rental and other deposits	384	774
Prepayment	944	705
	<b>69,576</b>	<b>67,856</b>

### Ageing analysis

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

	<b>30 September 2012 <i>HK\$'000</i> Unaudited</b>	31 March 2012 <i>HK\$'000</i> Audited
Current	—	—
Over 1 year past due	<u>468,294</u>	<u>468,294</u>
	<b><u>468,294</u></b>	<b><u>468,294</u></b>

### 13. TRADE AND OTHER PAYABLES

	<b>30 September 2012 <i>HK\$'000</i> Unaudited</b>	31 March 2012 <i>HK\$'000</i> Audited
Trade payables	853	894
Accruals and other payables	104,851	103,678
Due to related companies	<u>1,576</u>	<u>1,576</u>
Financial liabilities measured at amortised cost	<b><u>107,280</u></b>	<b><u>106,148</u></b>

All of the trade and other payables are expected to be settled within one year or payable on demand.

## FINANCIAL REVIEW

During the six months ended 30 September 2012, the Group's investment was primarily in gaming and entertainment industry of Macau, including the equity investment in Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology"), VIP gaming related businesses and slot machines operation related business. During the Period under review, the Group also holds some retail shops as investment properties.

- The loss of the Group was approximately HK\$15 million during the Period under review as compared to a net profit of approximately HK\$211 million for the same period last year. It was mainly due to the relevant financial information of Greek Mythology (an associate of the Group, the "Associate") was not made available during the Period under review, therefore its financial information was not incorporated in the interim financial statements.
- The revenue of the Group was approximately HK\$2.4 million during the Period under review, approximating to that of the same period last year.
- An agent agreement was signed on 19 January 2012 between the Company and Ace High Co., Ltd. ("Ace High Korea"), a company incorporated in Korea, to promote the travelling and gaming business in Korea (the "Agent Agreement"). The Agent Agreement has a fixed term of 12 months and is thereafter renewable automatically for another term of 12 months unless terminated by two weeks' prior notice and pursuant to which, the Company is entitled to receive commission based on the predetermined percentage on the rolling volume of any one month period. The Company is also entitled to receive compensation at the predetermined rate on the net loss of its group customers in any one-month period. During the six months ended 30 September 2012, the Agent Agreement was already implemented and also generated commission income for the Group. Besides, a letter of intent was signed on 20 July 2012 with Ace High Korea for the acquisition of 100% shareholding of Ace High Korea to develop the gaming business in Korea. The letter of intent is non-legally binding, and further information is required by the Board to consider this matter.

## CHANGES OF MANAGEMENT

As mentioned in the announcement of the Company dated 12 September 2012, the Company announced that following the conclusion of the Special General Meeting held on 12 September 2012, Mr. Cheung Nam Chung, Mr. Ng Chi Keung, Ms. Li Wing Sze, Mr. Lau Dicky, Mr. Lei Kam Chao, Ms. Deng Xiaomei, Mr. Yoshida Tsuyoshi and Mr. Cheng Kai Tai, Allen were removed as directors of the Company; and Mr. Ng Man Sun, Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Li Tang, Dr. Chow Ho Wan, Owen had been appointed as directors of the Company. As mentioned in the announcement of the Company dated 14 September 2012, the Company had suspended the offices of Mr. Cheung Nam Chung and Mr. Ng Chi Keung respectively as Chief Executive Officer and Chief Financial Officer of the Company with effect from 12 September 2012 until 12 December 2012. As mentioned in the announcement of the Company dated 14 September 2012, Mr. Ng Man Sun was appointed as Chairman and Chief Executive Officer of the Company with effect from 12 September 2012.

With the extensive experience and network of the new management of the Group, the Group believes they will be able to introduce superior investment projects and strengthening the existing investment portfolio in order to get satisfactory returns.

## **BUSINESS OVERVIEW**

### **Greek Mythology Casino**

The Group owns 24.8% equity interest in Greek Mythology (Macau) Entertainment Group Corporation Limited, which operates and manages Greek Mythology Casino, and currently has approximately 20 VIP gaming rooms and a gaming floor targeting the mid-range to high-end market and VIP as its main customers, with an aim of attracting VIP consumers from Mainland China and other Asian regions.

In order to settle the controversy arising from the different views held by the Company and by Greek Mythology regarding the dilution in the Company's shareholding in Greek Mythology as a result of the Capitalisation, the Company, Greek Mythology and other existing shareholders of Greek Mythology entered into an agreement in relation to the Capitalisation on 16 March 2012 in accordance with the terms set out in the announcement dated 7 February 2012. Furthermore, Greek Mythology has terminated the operating rights of 40 gaming tables in Greek Mythology Casino and returned them to SJM Holdings Limited ("SJM") with effect from 13 August 2012, details of which were published in the announcement of the Company dated 16 October 2012. To the best knowledge of the Board, the 40 gaming tables returned to SJM accounted for approximately 33% of the total number of gaming tables in Greek Mythology Casino, thus would impact the Group's share of profit/loss of the Associate.

Greek Mythology is one of the significant investments of the Group. In order to strengthen the communication between the Group and Greek Mythology, the new management of the Group is taking proactive actions to work with the management of Greek Mythology and will appoint officers of the Group to the board of directors of Greek Mythology. Meanwhile, the new management of the Group will maintain close communications with the management of Greek Mythology in order to work collaboratively to enhance the business operations and realise the financial benefits of the Group's investments in Greek Mythology. Through ongoing negotiation with Greek Mythology, the Group expects that the financial performance of Greek Mythology will be reflected in the financial statements in the second half of the current financial year.

### **LE-Guangxi**

Through LE Rainbow China Ltd ("LE-China"), a wholly owned subsidiary of the Group, the Group currently holds 70% beneficial equity interest in Nanning Inter-Joy LOTTO Information Service Co. Ltd. ("LE-Guangxi"). As a lottery related service company in cooperation with the Welfare Lottery authority of Guangxi, LE-Guangxi's Guangxi operation is primarily engaged in distributing a proprietary electronic lottery sales system for its sales location providers, and self-operated lottery parlors aimed at high-end players.

### **Investment in VIP Gaming Related Operation and Other Gaming Related Business**

The Group, through certain subsidiaries, has invested in the VIP gaming businesses and the operation of electronic slot machines in Macau. The Group's key investment is the gaming related business in Macau, other investments included slot machines and 5 VIP gaming tables in Macau. Moreover, the Group owned some retail shops as investment properties. During the Period under review, net contribution from these operations was approximately HK\$2.4 million, approximating to that of the same period last year.

## PROSPECTS & OUTLOOK

In 2012, the consumption power in China and Macau is inevitably affected under the challenging economic environment as the global economic growth slows down. Leveraging on its solid base of investment in gaming and entertainment business over the past years, the Group continues to focus on its existing gaming business in Macau, while actively seeking development opportunities of gaming-related business in the Asian region in order to capture opportunities in the adverse market.

Currently, although there are signs that the growth of the gaming industry in Macau is slowing down, the Macau gaming market continues to achieve satisfactory growth and the total of gaming revenue also continued its upward momentum during the Period under review. According to the Macau's Gaming Inspection and Coordination Bureau, gambling revenue in Macau was approximately HK\$251 billion for the ten months ended 31 October 2012, an increase of 13.5% compared with the same period last year. The Group believes that the gaming industry in Macau remains growth potential and promising outlook, as Macau Government has been implementing favorable industry policies and regulatory measures and infrastructure projects in plan were gradually completed during the Period.

At the same time, due to the slowdown in the consumption power in China and Macau, the Group is seeking to reposition to gaming markets which primarily targeting mid to high-end and VIP consumers in Mainland China. According to the information from Macau's Statistics and Census Service, Macau's tourist arrivals reached 20.86 million for the first nine months this year, representing a year-on-year increase of 1.0%; of which visitors from Mainland China accounted for approximately 60% of the total number of visitors. Visitors from Mainland China, Korea and Japan increased 6.0%, 9.6% and 12.7% year-on-year, respectively. As visitor arrivals increase, and a number of resorts complexes or hotels combining shopping and leisure, entertainment and gaming have been gradually completed and put into service, entertainment operators will obtain better business opportunities, which in turn provide favorable environment for the Group to develop gaming and entertainment business.

In addition to the aforesaid gaming business in Macau and the lottery related business in China, the Group is actively seeking other opportunities with potential and stable income sources to broaden the income sources of the Group. With an established base in Macau, the Group also cooperates with various enterprises to take advantages of the Group's experience in the gaming industry to diversify its businesses. The Group expects, through acquisition of various hotels, casinos and VIP tables, speeding up the progress in acquiring assets with solid revenue with a view to expanding and consolidating the Group's gaming and entertainment businesses in Macau and providing stable income sources for the Group. Moreover, the Group also wishes to increase investment in gaming business through cooperation with other enterprises, or to expand gaming and entertainment related business through the establishment of joint venture or wholly-owned enterprises. Leveraging on its extensive experience in the gaming industry over the years, the Group expects to explore more opportunities in relation to management services on gaming and entertainment businesses in the future to broaden income sources of the Group.

Looking forward, the Group will implement diversified business strategies, and continue to provide exceptional and reliable high-end leisure and entertainment services for mid to high-end and VIP consumers in its target market. With the Group's business foundation established in the past, Amax will actively seek to diversify its revenue streams based on gaming and related business in order to achieve continuous business expansion.

## **INTERIM DIVIDEND**

The board of Directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 September 2012 (2011: nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

As at 30 September 2012, the Group had total assets and net assets of approximately HK\$1,301 million (31 March 2012: approximately HK\$1,310 million) and approximately HK\$1,044 million (31 March 2012: approximately HK\$1,059 million) respectively, comprising non-current assets of approximately HK\$1,213 million (31 March 2012: approximately HK\$1,214 million) and current assets of approximately HK\$88 million (31 March 2012: approximately HK\$96 million) which were financed by shareholders' funds of approximately HK\$1,044 million (31 March 2012: approximately HK\$1,059 million), non-controlling interests of approximately HK\$0.04 million (31 March 2012: approximately HK\$0.55 million), current liabilities of approximately HK\$107 million (31 March 2012: approximately HK\$106 million) and non-current liabilities of approximately HK\$150 million (31 March 2012: approximately HK\$145 million).

The Group's current ratio, expressed as current assets over current liabilities, was 0.82 times (31 March 2012: 0.91 times). The Group's gearing ratio, calculated as a ratio of debt (including promissory note) to shareholders' equity, was approximately 23% (31 March 2012: approximately 21%).

## **FOREIGN EXCHANGE AND CURRENCY RISKS**

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

## **EMPLOYEES AND REMUNERATION POLICY**

The Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses were determined with reference to their duties, work experience, performance and prevailing market practices. The Group also participates in an approved Mandatory Provident Fund ("MPF") scheme in Hong Kong and similar scheme for eligible employees in Macau, and provides employees with medical insurance coverage. A share option scheme is in place to reward based on the performance of the Group and individual employees and their contribution to the success of the Group.

## **CONTINGENT LIABILITIES**

The Group and the Company had no significant contingent liabilities as at 30 September 2012.

## **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.

The Company has complied with the code provisions of the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Listing Rules throughout the period ended 30 September 2012 with the exception of certain deviation as further explained below:

Under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ng Man Sun currently assumes the role of both Chairman and Chief Executive Officer of the Company. The Board believes that the roles of Chairman and Chief Executive Officer performed by Mr. Ng Man Sun provide the Group with strong and consistent leadership and are beneficial to the Group especially in planning and implementing of the Company’s business strategies. The Board will regularly review the effectiveness of this arrangement.

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 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 provisions of the Code.

Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements or commitments, all Executive Directors and two Independent Non-executive Directors of the Company did not attend the annual general meeting and special general meeting of the Company both held on 12 September 2012.

## **AUDIT COMMITTEE**

The Company has an Audit Committee which is responsible for reviewing and monitoring the financial reporting and internal controls principles of the Company, and assisting the Board to fulfill its responsibility over the audit. As at 30 September 2012, the Audit Committee comprises four Independent Non-executive Directors. No member of the Audit Committee is a member of the former or external auditors of the Company. One of the members possesses recognized professional qualifications in accounting and has wide experience in audit, accounting and financial management.



## REMUNERATION COMMITTEE

As at 30 September 2012, 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 making recommendations to the Board on the Company's policy and structure for remuneration of all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also have the delegated responsibility, to determine the remuneration packages for individual Executive Directors and senior management and to make recommendation to the Board on the remuneration of Non-executive Directors. No Director or any of his associates will involve in deciding his own remuneration.

## NOMINATION COMMITTEE

As at 30 September 2012, the Nomination Committee comprises two Independent Non-executive Directors and one Executive Director. The Nomination Committee was established with specific written terms of reference and is principally responsible for reviewing the structure, size and composition of the Board and making recommendation on any proposed changes to the Board to complement the Company's corporate strategy.

## EXECUTIVE COMMITTEE

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Throughout the period under review, the Model 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 Model Code throughout the period under review.

By Order of the Board  
**Amax Holdings Limited**  
**Ng Man Sun**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 November 2012

*As at the date of this announcement, the Board comprises Mr. Ng Man Sun (Chairman and Chief Executive Officer), Ms. Ng Wai Yee being the executive directors and Dr. Wu Dingjie, Dr. Chow Ho Wan, Owen, Mr. Li Li Tang and Ms. Yeung Pui Han, Regina being the independent nonexecutive directors.*

\* *For identification purpose only*