



INTERIM REPORT 2019/20

Amax International Holdings Limited

奧瑪仕國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 959

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Corporate Information

BOARD OF DIRECTORS

Executive

Mr. Ng Man Sun (*Chairman and
Chief Executive Officer*)

Ms. Ng Wai Yee

Independent Non-executive

Ms. Yeung Pui Han, Regina

Mr. Li Chi Fai

Ms. Sie Nien Che, Celia

AUDIT COMMITTEE

Mr. Li Chi Fai (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

COMPLIANCE COMMITTEE

Ms. Ng Wai Yee (*Chairman*)

Mr. Li Chi Fai

Mr. Wong Sze Lok

(Assistant to the Director)

Mr. Cheung Tai Chi

(Company Secretary)

REMUNERATION COMMITTEE

Ms. Yeung Pui Han, Regina (*Chairman*)

Ms. Ng Wai Yee

Ms. Sie Nien Che, Celia

NOMINATION COMMITTEE

Mr. Ng Man Sun (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

COMPANY SECRETARY

Mr. Cheung Tai Chi

AUDITOR

Elite Partners CPA Limited

LEGAL ADVISER

Cheng, Yeung & Co.

INVESTOR RELATIONS CONSULTANT

DLK Advisory Limited

STOCK CODE

959

BRANCH SHARE REGISTRAR

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Hong Kong

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Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 6303-04, 63/F.

Central Plaza

18 Harbour Road, Wanchai

Hong Kong

The board (the “Board”) of directors (the “Directors”) of Amax International Holdings Limited (“Amax” or the “Company”; stock code: 959) report the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2019 (the “Period under Review”) (the “2019 Interim Results”). The 2019 Interim Results have been reviewed by the audit committee of the Company.

FINANCIAL REVIEW

The principal activities of the Group are investment holdings, operating the gaming business in Vanuatu and the VIP room in Cambodia, and the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients. For the Period under Review, the gaming business in Cambodia continued to be the main revenue driver for the Group.

The Group recorded a revenue of approximately HK\$28.5 million for the Period under Review, decreasing 54.3% as compared to approximately HK\$62.3 million in the corresponding period last year. The decrease in revenue was mainly attributable to the decrease in revenue derived from the VIP Room business in Cambodia which was the result of the prudent approach taken by the Group to assess and manage the non-profitable portfolio of this operation and fine-tune its business strategy during the Period under Review. Net loss for the Period under Review was approximately HK\$13.5 million, decreasing 37.2% as compared to approximately HK\$21.5 million for the corresponding period last year. The decrease in loss was mainly due to the decrease in general and administrative expenses and the loss on settlement of promissory notes.

Capital Structure

As at 30 September 2019, the Company’s total number of issued shares was 1,282,475,614 (31 March 2019: 1,232,475,614) at HK\$0.20 each. The Group’s consolidated net assets totalled approximately HK\$88.8 million, representing an increase of approximately HK\$1.5 million as compared to that of approximately HK\$87.3 million as at 31 March 2019.

Management Discussion and Analysis

On 23 July 2018, the Group had finally resolved the dispute regarding the outstanding promissory notes of the aggregate sum of HK\$190,000,000 (the “PNs”) in accordance with the terms and conditions of the deeds of settlement entered among Ms. Lee Bing and Mr. Wu Weide (collectively the “Holders”), Mr. Ng Man Sun (“Mr. Ng”) and the Company. Further details of the abovementioned matters are set out in the circular of the Company dated 31 May 2018 and the announcement of the Company dated 23 July 2018.

Meanwhile, on 12 July 2019, the Company received a formal request from Mr. Ng to transfer the Second Convertible Bonds (as defined in the circular of the Company dated 31 May 2018) in the total principal amount of HK\$15,000,000 to Mr. Chan Wai Man (“Mr. Chan”) who is not a connected person as defined in the Listing Rules.

On 17 July 2019, the Company received a conversion notice from Mr. Chan in relation to the exercise of the conversion rights attached to the Second Convertible Bonds, to convert the Second Convertible Bonds in the principal amount of HK\$15,000,000 at the conversion price of HK\$0.30 per share. As a result of this conversion, the Company allotted and issued a total of 50,000,000 Second Conversion Shares (as defined in the circular of the Company dated 31 May 2018) on 26 July 2019. This conversion of convertible bonds had allowed the Company to improve the gearing ratio and also the financial position of the Company, equipping the Company for future development of its business.

Liquidity and Financial Resources

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

As at 30 September 2019, the Group had total assets and net assets of approximately HK\$204.7 million (31 March 2019: approximately HK\$201.3 million) and approximately HK\$88.8 million (31 March 2019: approximately HK\$87.3 million) respectively, comprising non-current assets of approximately HK\$155.8 million (31 March 2019: approximately HK\$157.4 million) and current

assets of approximately HK\$49.0 million (31 March 2019: approximately HK\$43.9 million) which were financed by shareholders' funds of approximately HK\$88.8 million (31 March 2019: approximately HK\$87.3 million). The Group also had non-controlling interests of approximately HK\$54.1 million (31 March 2019: approximately HK\$53.0 million), current liabilities of approximately HK\$85.0 million (31 March 2019: approximately HK\$60.3 million) and non-current liabilities of approximately HK\$31.0 million (31 March 2019: approximately HK\$53.7 million).

The Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 131% (31 March 2019: approximately 130%).

BUSINESS REVIEW

Charting a new course of development

During the Period under Review, the Group continued to restructure its business segments and strategically re-pilot its focus to gaming business in Asia Pacific and IT solutions businesses in which Amax has extensive knowledge and rich experiences, as well as where we can adventure to potentials. With the Group's proposal to change English name of the Group from "Amax International Holdings Limited" to "Century Entertainment International Holdings Limited", together with the newly proposed assignment of gaming table business rights in Cambodia after the Period under Review, we aim to refresh the corporate image and mark the Group's new milestone of transformation for its future developments.

Augmented reality ("AR")/Virtual reality ("VR") entertainment and mobile games solutions

Explicitly Grand Investments Limited ("Explicitly Grand"), a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the "Explicitly Grand Group") specialize in the AR/VR entertainment developments and apps on mobile devices platforms and also provide customized IT and design solutions for its customers from a great variety of industries in China. During the Period under Review, the Explicitly Grand Group contributed a revenue of approximately HK\$2.0 million to the Group, attributable to the development of mobile apps and provision of IT solutions consultancy services.

Management Discussion and Analysis

Gaming business in Cambodia

The Group has been operating a VIP Room with 13 baccarat tables in Cambodia via Victor Mind Global Limited ("VMG"), a wholly-owned subsidiary of the Company, since 1 December 2017. The operation of the VIP Room was outsourced to an independent operator appointed by VMG. During the Period under Review, the operation of the VIP room contributed a net gaming win of approximately HK\$26.2 million to the Group.

Discontinued businesses and potential disposal of businesses

With determination to strengthen the Group's financial position for future business development, the Group made a few moves to further simplified its business operations, including disposal of the mobile game apps and the potential disposal of Forenzia Enterprises Limited.

Disposal of the Mobile Game Apps

During the Period under Review, the Group proposed to dispose of the mobile game apps, which comprise of 30 offline mobile game apps which cover (i) leisure and entertainment; (ii) education and intellectual; (iii) sport; and (iv) adventures, at a consideration of HK\$30 million.

Post the Period under Review, with a series of consideration which include (i) the business direction to place more focus in exploring gaming business opportunities within Asia Pacific regions and IT solutions businesses; (ii) the disposal represents a good opportunity for the company to divest its investment in the mobile game apps; and (iii) capital liquidity to support the Group's future development in gaming and IT solutions businesses, the disposal was completed on 11 October 2019. The Group is also in the view that subsequent to this disposal, it will allow further capital flexibility for the longer term strategies to be carried out.



Potential disposal of Forenzia Enterprises Limited

The Group acquired 60% equity interests in Forenzia Enterprises Limited in 2014, which principally operates gaming business in Vanuatu under an interactive gaming license valid for a period of 15 years from February 2014. After the Period under Review, Victor Mind Global Limited ("VMG"), a wholly-owned subsidiary of the Company and Lion King Entertainment Company Limited ("Lion King") entered into an assignment agreement on 28 October 2019, pursuant to which Lion King has conditionally agreed to assign and VMG has conditionally agreed to accept the assignment of the gaming table business rights, partially by way of disposing of 60% of the total issued and paid up capital of Forenzia Enterprises Limited upon the commencement of the assignment. As the transactions involved constitute a major transaction of the Company, they are subjected to independent shareholders' approval and therefore a special general meeting will be convened. The Group believes this prudent stance should be taken for the Group's business advancement, which shall be more in line with the overall developmental strategies.

OUTLOOK AND PROSPECT

Along with the trade war between USA and China, more and more Chinese enterprises are, together with a significantly growing number of labour force from China, moving towards ASEAN countries. Meanwhile, visitation and spending in Asia Pacific have also been growing in the past few years. These two factors created increasing demands towards basic necessities and auxiliary elements, especially entertainments, thus provide an opportunity to the domestic gaming industry development. With the Group's comprehensive knowledge and in-depth experience in gaming industry in Asia Pacific, the Group decided to shift its key focus to explore business opportunity in Cambodia where we see potential to develop its gaming business, in particular, at Sihanoukville Municipal where there has been experiencing obvious growth in terms of tourism and foreign investment.

Management Discussion and Analysis

Century Entertainment, a casino in Sunshine Bay Hotel located at Sihanoukville Municipal of Cambodia, is one of the largest casinos (in terms of number of gaming tables) in Sihanoukville with 80 gaming tables and a total gross floor area of 8,100 sq.m. The casino has obtained a valid casino license issued by Ministry of Economy and Finance of Cambodia and commenced operation on 9 October 2019. Specifically, VMG and Lion King entered into a lease agreement regarding the lease of a total number of 4 gaming tables at Century Entertainment, commencing from 1 November 2019 and ending on 30 September 2020. The rent of HK\$1,200,000 shall be payable monthly by VMG to Lion King during the lease term. In addition, VMG and Lion King have also entered into an assignment agreement, stating that VMG will be granted the rights to operate and manage the aforementioned gaming tables for a period of five years at a consideration of HK\$120 million. With two years of profit guarantee provided by Lion King and Mr. Ng Man Sun, the Group sees attractive potential in the gaming market in Sihanoukville and is confident to the thriving development of this business.

In addition to striving to transform its business with an improved focus on the gaming business for the future, the Group will continue to streamline the scope of its operations, as demonstrated by the disposal of the mobile game apps and potential disposal of Forenzia Enterprises Limited, in order to maintain the Group at a healthy financial position for new development, charting a brighter note for the Group's business amid uncertainties arising from the global macro-economic atmosphere.

With the consolidated financial support and new development direction, the Group believes that the proposed change of company name, Century Entertainment International Holdings Limited, will refresh the brand image and mark the historical moment of the Group's long term future development.

Appreciation

The Board would like to take this opportunity to thank the management and staff for their contributions and support, and looks forward to sharing the Group's successes with them. It also wishes to express its gratitude to the Group's investors and shareholders for their trust and unwavering support, and will be fully committed to delivering long-term value and optimum returns to both parties.



INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

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, United States 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 the Mandatory Provident Fund scheme in Hong Kong, and provides employees with medical insurance coverage. A share option scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2019.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at 30 September 2019, none of the Directors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register(s) and kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

Long Position in shares and underlying shares of the Company

Name of Directors	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate percentage of issued share capital
Mr. Ng Man Sun	Beneficial owner	355,494,593	7,454,780 <i>(Note 1)</i>	362,949,373	28.30%
	Interest in a controlled corporation <i>(Note 2)</i>	307,366	—	307,366	0.02%
	Total	355,801,959	7,454,780 <i>(Note 1)</i>	363,256,739	28.32%
Ms. Ng Wai Yee	Beneficial owner	—	7,703,040 <i>(Note 1)</i>	7,703,040	0.60%
Ms. Yeung Pui Han, Regina	Beneficial owner	—	2,213,040 <i>(Note 1)</i>	2,213,040	0.17%
Mr. Li Chi Fai	Beneficial owner	—	1,964,780 <i>(Note 1)</i>	1,964,780	0.15%
Ms. Sie Nien Che, Celia	Beneficial owner	300,000	1,716,520 <i>(Note 1)</i>	2,016,520	0.16%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Long Position in shares and underlying shares of the Company (CONTINUED)

Notes:

1. These interests represent the number of underlying shares in respect of the 2012 Scheme (as defined below), the details of which are set out under section headed "Share Option Scheme" on page 12 and note 18 to condensed consolidated interim financial statements.
2. For 307,366 shares being held by East Legend Holdings Limited ("East Legend"), Mr. Ng Man Sun is interested in the entire issued share capital of East Legend and he is deemed to be interested in the 307,366 shares held by East Legend.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, at no time during the six months ended 30 September 2019 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 in, 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 SHAREHOLDERS

As at 30 September 2019, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director, the Chairman and CEO (as defined below), Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia as Directors, the following persons had interests or short position in the shares and underlying shares of the Company as recorded in the register(s) required to be kept under section 336 of the SFO.

Name	Capacity	Number of shares held	Approximate percentage of issued share capital
Ms. Cheng Wai Man	Beneficial owner	96,212,121	7.50%
Mr. Huang Wei Qiang	Beneficial owner	86,900,000	6.78%
Mr. Wong Kam Wah	Beneficial owner	82,542,121	6.44%

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "2012 Scheme") on 12 September 2012 which was valid and effective for 10 years from its date of adoption.

The purpose of the 2012 Scheme is to recognise eligible persons as incentives and rewards for their contribution to the Group.

SHARE OPTION SCHEME (CONTINUED)

The movements of the Company's share options outstanding under the 2012 Scheme during the Period under Review are as follows:

	Date of Grant (day/month/year)	No. of share options ('000)				Adjusted exercise price HK\$ (Note 2)	
		As at 1 April 2019 (Note 2)	Exercised	Lapsed	As at 30 September 2019 (Note 2)		
Directors							
Mr. Ng Man Sun	05/02/2013 (Note 1)	248	-	-	248	05/02/2013-04/02/2023	1.241
	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	10/03/2015	248	-	-	248	10/03/2015-09/03/2025	0.701
	01/12/2017	6,100	-	-	6,100	01/12/2017-30/11/2027	0.280
	17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200
Ms. Ng Wai Yee	05/02/2013 (Note 1)	248	-	-	248	05/02/2013-04/02/2023	1.241
	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	10/03/2015	248	-	-	248	10/03/2015-09/03/2025	0.701
	25/04/2016	248	-	-	248	25/04/2016-24/04/2026	0.370
	01/12/2017	6,100	-	-	6,100	01/12/2017-30/11/2027	0.280
17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200	
Ms. Yeung Pui Han, Regina	05/02/2013 (Note 1)	248	-	-	248	05/02/2013-04/02/2023	1.241
	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	10/03/2015	248	-	-	248	10/03/2015-09/03/2025	0.701
	25/04/2016	248	-	-	248	25/04/2016-24/04/2026	0.370
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	0.280
17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200	
Mr. Li Chi Fai	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	10/03/2015	248	-	-	248	10/03/2015-09/03/2025	0.701
	25/04/2016	248	-	-	248	25/04/2016-24/04/2026	0.370
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	0.280
17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200	
Ms. Sie Nien Che, Celia	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	25/04/2016	248	-	-	248	25/04/2016-24/04/2026	0.370
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	0.280
	17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200

Other Information

SHARE OPTION SCHEME (CONTINUED)

	Date of Grant (day/month/year)	No. of share options ('000)				Adjusted exercise price HK\$ (Note 2)	
		As at 1 April 2019 (Note 2)	Exercised	Lapsed	As at 30 September 2019 (Note 2)		
Eligible employees	05/02/2013 (Note 1)	1,553	-	-	1,553	05/02/2013-04/02/2023	1.241
	03/03/2014	2,359	-	-	2,359	03/03/2014-02/03/2024	1.345
	10/03/2015	2,607	-	-	2,607	10/03/2015-09/03/2025	0.701
	25/04/2016	1,607	-	-	1,607	25/04/2016-24/04/2026	0.370
	01/12/2017	6,200	-	-	6,200	01/12/2017-30/11/2027	0.280
	17/12/2018	10,500	-	-	10,500	17/12/2018-16/12/2028	0.200
Service providers	05/02/2013 (Note 1)	2,483	-	-	2,483	05/02/2013-04/02/2023	1.241
	03/03/2014	2,483	-	-	2,483	03/03/2014-02/03/2024	1.345
	10/03/2015	1,242	-	-	1,242	10/03/2015-09/03/2025	0.701
	01/12/2017	6,100	-	-	6,100	01/12/2017-30/11/2027	0.280
	17/12/2018	8,000	-	-	8,000	17/12/2018-16/12/2028	0.200
In aggregate		66,182	-	-	66,182		

Notes:

- The exercise price of the share options has been changed from HK\$0.077 to HK\$1.540 as a result of the share consolidation passed by the shareholders at a special general meeting of the Company held on 27 March 2013, whereby every 20 shares of the Company of HK\$0.01 each were consolidated into 1 new share of the Company of HK\$0.20 each. Pursuant to the open offer of the Company completed on 16 May 2016, the number of share options were adjusted and the exercise price of the share options was also adjusted from HK\$1.540 to HK\$1.241.
- Pursuant to the open offer of the Company completed on 16 May 2016, the number of share options were adjusted and the exercise prices of the share options granted on 5 February 2013, 3 March 2014, 10 March 2015 and 25 April 2016 were also adjusted from HK\$1.540 to HK\$1.241, from HK\$1.670 to HK\$1.345, from HK\$0.870 to HK\$0.701 and from HK\$0.459 to HK\$0.370 respectively.
- At the annual general meeting of the Company held on 9 August 2016, shareholders have approved to refresh the general mandate limit that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme must not exceed 10% of the shares of the Company in issue on the date of that annual general meeting.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period under Review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for securities transactions by the Directors and has adopted written guidelines no less exacting than the Model Code for the relevant employees in respect of their dealings in the Company's securities.

Having made specific enquiries of all Directors, all Directors confirm that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions throughout the Period under Review.

CORPORATE GOVERNANCE

The Group continues to commit itself to maintaining a high standard of corporate governance with emphases on enhancing transparency and accountability and assuring of good application of practices and procedures within the Group and enhancing performance thereby, augmenting shareholders' value and benefiting our stakeholders at large.

The Company has applied the principles of, and complied with all applicable code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules throughout the Period under Review with the exception of certain deviations as further explained below.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

CORPORATE GOVERNANCE (CONTINUED)

Mr. Ng Man Sun currently assumes the roles of both the chairman (the “Chairman”) of the Board and the chief executive officer (the “CEO”) of the Company. The Board believes that the roles of the Chairman and CEO performed by Mr. Ng provide the Group with strong and consistent leadership and are beneficial to the Group especially in planning and implementation of the Company’s business strategies. The Board will regularly review effectiveness of such arrangement.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, and subject to re-election.

None of the non-executive directors (the “Non-executive Directors”) of the Company, being all existing independent non-executive directors (the “Independent Non-executive Directors” or “INEDs”) of the Company, is appointed for a specific term. However, all INEDs are subject to retirement by rotation but eligible for re-election at least once every three years at the annual general meeting (the “AGM”) in accordance with the Bye-laws of the Company. The Company has also received the confirmation of independence from each INED and has grounds to believe that they are independent of the Company.

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting.

Due to other business commitments, Mr. Ng Man Sun, being the Chairman of the Board, was unable to attend the AGM of the Company held on 29 August 2019. He had arranged Ms. Ng Wai Yee, another executive director (the “Executive Director”) of the Company and who is very familiar with the Group’s business and operations, to attend and chair the AGM.

CORPORATE GOVERNANCE (CONTINUED)

Code provision A.6.7 of the CG Code provides that 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 commitments, Ms. Sie Nien Che, Celia, being an INED of the Company, did not attend the AGM of the Company held on 29 August 2019.

REVIEW OF RESULTS

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 and the accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

On behalf of the Board

Ng Man Sun

Chairman and Chief Executive Officer

Hong Kong, 28 November 2019

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
	<i>Note</i>	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	5	28,501	62,265
Cost of sales		(15,504)	(40,598)
Gross profit		12,997	21,667
Other income		422	–
Loss on settlement of promissory notes		–	(10,129)
Selling and distribution expenses		–	(1,232)
General and administrative expenses		(22,753)	(27,777)
Finance costs	6	(4,573)	(4,455)
Loss before taxation	7	(13,907)	(21,926)
Income tax	9	366	402
Loss for the period		(13,541)	(21,524)
Attributable to:			
Owners of the Company		(14,663)	(22,074)
Non-controlling interests		1,122	550
Loss for the period		(13,541)	(21,524)
Loss per share		HK Cents	HK Cents
– basic and diluted	11	(1.17)	(2.65)

The notes on pages 24 to 66 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss and total comprehensive expense for the period	(13,541)	(21,524)
Total comprehensive expense attributable to:		
Owners of the Company	(14,663)	(22,074)
Non-controlling interests	1,122	550
	(13,541)	(21,524)

The notes on pages 24 to 66 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2019

(Expressed in Hong Kong dollars)

	<i>Note</i>	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	1,408	3,082
Right-of-use assets		5,443	–
Intangible assets		101,428	106,826
Goodwill		41,761	41,761
Deposits paid for acquisition of computer software and property, plant and equipment		<u>5,742</u>	<u>5,742</u>
		155,782	157,411
Current assets			
Trade and other receivables	13	45,037	42,665
Cash and cash equivalents		<u>3,927</u>	<u>1,201</u>
		48,964	43,866
Current liabilities			
Trade and other payables	14	8,952	14,613
Obligations under a finance lease		–	33
Other borrowings		43,520	10,385
Promissory notes	15	28,662	19,837
Convertible bonds	16	–	14,410
Lease liabilities		2,810	–
Tax payables		<u>1,006</u>	<u>974</u>
		84,950	60,252
Net current liabilities		(35,986)	(16,386)

Condensed Consolidated Statement of Financial Position

At 30 September 2019
(Expressed in Hong Kong dollars)

	<i>Note</i>	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Total assets less current liabilities		119,796	141,025
Non-current liabilities			
Promissory notes	15	–	26,638
Convertible bonds	16	25,921	24,237
Lease liabilities		2,664	–
Deferred tax liabilities		2,419	2,817
		31,004	53,692
NET ASSETS		88,792	87,333
Capital and reserves			
Share capital	17	256,495	246,495
Reserves		(221,798)	(212,135)
Total equity attributable to owners of the Company		34,697	34,360
Non-controlling interests		54,095	52,973
TOTAL EQUITY		88,792	87,333

The notes on pages 24 to 66 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

At 30 September 2019

(Expressed in Hong Kong dollars)

	Attributable to the owners of the Company								Non-	
	Share capital	Share premium	Special reserve	Contributed surplus	Capital reserve	Convertible bonds		Sub-total	interest	Total
						reserve	Accumulated losses			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2018 (Audited balance)										
brought forward from										
31 March 2018)	163,106	519,159	(22,470)	2,180,026	22,624	-	(2,556,489)	305,956	53,209	359,165
Shares issued under placing	7,800	1,286	-	-	-	-	-	9,086	-	9,086
Shares issued for settlement										
of debts	7,438	1,562	-	-	-	-	-	9,000	-	9,000
Issuance of convertible bonds	-	-	-	-	-	38,587	-	38,587	-	38,587
Loss for the period	-	-	-	-	-	-	(22,074)	(22,074)	550	(21,524)
At 30 September 2018 (unaudited)	178,344	522,007	(22,470)	2,180,026	22,624	38,587	(2,578,563)	340,555	53,759	394,314
At 1 April 2019 (Audited balance)										
brought forward from										
31 March 2019)	246,495	563,397	(22,470)	2,180,026	23,637	17,803	(2,974,528)	34,360	52,973	87,333
Issuance of convertible bonds	10,000	8,483	-	-	-	(3,483)	-	15,000	-	15,000
Loss for the period	-	-	-	-	-	-	(14,663)	(14,663)	1,122	(13,541)
At 30 September 2019 (unaudited)	256,495	571,880	(22,470)	2,180,026	23,637	14,320	(2,989,191)	34,697	54,095	88,792

The notes on pages 24 to 66 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(18,902)	(16,408)
Net cash generated from/(used in) investing activities	548	(110)
Net cash generated from financing activities	21,080	15,676
Net increase/(decrease) in cash and cash equivalents	2,726	(842)
Cash and cash equivalents as at 1 April	1,201	1,759
Cash and cash equivalents as at 30 September	3,927	917

The notes on pages 24 to 66 form part of these unaudited condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

1. GENERAL INFORMATION

Amax International Holdings Limited (the “Company”) was incorporated and domiciled in Bermuda with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company is Suite 6303-04, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are investment holdings, operating the gaming business in Vanuatu and the VIP room in Cambodia, and the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients.

2. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (CONTINUED)

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Annual Report of the Group for the year ended 31 March 2019.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$") which is the same as the functional currency of the Group, rounded up to the nearest thousand, unless otherwise indicated.

(b) Going concern

In preparing the unaudited condensed consolidated interim financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2019. The Group incurred a consolidated net loss after taxation attributable to owners of the Company of approximately HK\$14,663,000 for the six months ended 30 September 2019, and had consolidated net current liabilities of approximately HK\$35,986,000 as at 30 September 2019. The consolidated net current liabilities of approximately HK\$35,986,000 were mainly contributed by the loan of approximately HK\$43,520,000 due to Mr. Ng Man Sun. The loan is interest free, unsecured and has no fixed repayment terms.

The directors adopted the going concern basis in the preparation of the unaudited condensed consolidated interim financial statements by obtaining financial support from Mr. Ng Man Sun.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern (CONTINUED)

In the opinion of the directors, in light of the aforesaid arrangement implemented to date, the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the unaudited condensed consolidated interim financial statements.

(c) Judgments and estimates

Preparing the unaudited condensed consolidated interim financial statements requires the directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, significant judgments made by the directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 March 2019, except for the adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are relevant to the Group's operations and are effective for the Group's financial year beginning on 1 April 2019 as described below.

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
Amendments to HKFRS 9	Prepayment Features with Negative Compensation

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Groups are the lessor.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases (CONTINUED)

The Groups adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 April 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Groups elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Groups allocate the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Groups have adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases (CONTINUED)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Groups have lease contracts mainly for properties. As a lessee, the Groups previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Groups. Under HKFRS 16, the Groups apply a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Groups have elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Groups recognise the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Groups elected to present the right-of-use assets separately in the consolidated statement of financial position.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases (CONTINUED)

As a lessee – Leases previously classified as operating leases (CONTINUED)

Nature of the effect of adoption of HKFRS 16 (CONTINUED)

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and stated at cost less accumulated depreciation and accumulated impairment losses, the Groups have continued to include them as investment properties at 1 April 2019.

The Groups have used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- Excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$6.86 million and right-of-use assets of HK\$6.86 million at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 3.51%.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**HKFRS 16 Leases** (CONTINUED)

As a lessee – Leases previously classified as operating leases (CONTINUED)

Nature of the effect of adoption of HKFRS 16 (CONTINUED)

As a lessee

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	HK\$'000 (Unaudited)
Operating lease commitments as at 31 March 2019	21,224
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(13,771)
	7,453
Lease liabilities discounted at relevant incremental borrowing rates relating to operating lease recognised upon application of HKFRS 16 as at 1 April 2019	6,863
Analysed as	
Current lease liabilities	2,782
Non-current lease liabilities	4,081
	6,863

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases (CONTINUED)

As a lessee – Leases previously classified as operating leases (CONTINUED)

Nature of the effect of adoption of HKFRS 16 (CONTINUED)

As a lessee (CONTINUED)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously report as at 31 March 2019	Adjustment	Carrying amounts under HKFRS 16 as at 1 April 2019
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Non-current assets			
Right-of-use assets	–	6,863	6,863
Current liabilities			
Lease liabilities	–	2,782	2,782
Non-current liabilities			
Lease liabilities	–	4,081	4,081

4. SEGMENT REPORT

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the executive directors) ("CODM") in order to allocate resources to segments and to assess their performance.

During the six months ended 30 September 2019 and 30 September 2018, the Group's operating activities are attributable to two operating segments focusing on (i) gaming and entertainment related businesses; and (ii) AR/VR and mobile games solutions.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

4. SEGMENT REPORT (CONTINUED)

These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM. The following is an analysis of the Group's revenue and results by reportable and operating segments:

(a) Segment revenue and results

	Six months ended 30 September 2019 (Unaudited)		
	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	Total HK\$'000
Segment revenue			
External	26,521	1,980	28,501
Time of revenue recognition			
As a point in time	26,521	1,980	28,501
Segment results	3,989	1,190	5,179
Reconciliation:			
Amortisation of intangible assets			(5,398)
Unallocated corporate expenses			(9,115)
Unallocated finance costs			(4,573)
Loss before taxation			(13,907)

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

4. SEGMENT REPORT (CONTINUED)

(a) Segment revenue and results (CONTINUED)

	Six months ended 30 September 2018 (Unaudited)		
	Gaming and entertainment	AR/VR and mobile games solutions	Total
	HK\$'000	HK\$'000	HK\$'000
Segment revenue			
External	59,509	2,756	62,265
Segment results	10,097	(348)	9,749
Reconciliation:			
Amortisation of intangible assets			(6,696)
Loss on settlement of promissory notes			(10,129)
Fair value change of derivative financial assets			(156)
Unallocated corporate expenses			(10,239)
Unallocated finance costs			(4,455)
Loss before taxation			(21,926)

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

4. SEGMENT REPORT (CONTINUED)

(a) Segment revenue and results (CONTINUED)

Segment profit/(loss) represents the profit/(loss) incurred by each segment include depreciation, but without allocation of certain amortisation, impairment, administration costs and other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	30 September 2019 (Unaudited)			31 March 2019 (Audited)		
	Gaming and entertainment	AR/VR and mobile games solutions	Total	Gaming and entertainment	AR/VR and mobile games solutions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
Segment assets	102,419	91,305	193,724	100,868	96,849	197,717
Unallocated corporate assets			11,022			3,560
Consolidated total assets			204,746			201,277
Liabilities						
Segment liabilities	3,976	4,164	8,140	3,976	4,438	8,414
Unallocated corporate liabilities			107,814			105,530
Consolidated total liabilities			115,954			113,944

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

4. SEGMENT REPORT (CONTINUED)

(b) Segment assets and liabilities (CONTINUED)

	30 September 2019 (Unaudited)				31 March 2019 (Audited)			
	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	Other HK\$'000	Total HK\$'000	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	Other HK\$'000	Total HK\$'000
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets								
Addition of property, plant and equipment	-	-	-	-	-	103	336	439
Depreciation of property, plant and equipment	1,366	27	152	1,545	5,210	115	611	5,936
Depreciation of right-of-use assets	-	-	1,420	1,420	-	-	-	-
Finance costs	-	-	4,573	4,573	-	-	14,507	14,507
Income tax credit	-	(366)	-	(366)	-	(419)	-	(419)
Amortisation of intangible assets	2,988	2,410	-	5,398	7,497	4,846	-	12,343

(c) Major customer

No single customer contracted 10% or more to the Group's revenue for the six months ended 30 September 2019.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

4. SEGMENT REPORT (CONTINUED)

(d) Geographical

The Group's revenue from external customers by geographical market is as follows:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Macau	–	2,400
Republic of Vanuatu ("Vanuatu")	7,021	6,828
Hong Kong	1,980	2,756
Kingdom of Cambodia ("Cambodia")	19,500	50,281
	28,501	62,265

The Group's information about its non-current assets by geographical location of the assets is as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
	Vanuatu	5,165
Hong Kong	149,023	149,286
Cambodia	1,594	1,648
	155,782	157,411

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

5. REVENUE

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

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue from investments in gaming and entertainment related businesses		
– Investment in VIP gaming tables related operation	–	1,800
– Investment in slot machines related operation	–	600
– Investment in gaming operation in Vanuatu	7,021	6,828
– Investment in VIP room in Cambodia		
Net gaming win	26,170	50,281
Less: Commission	(6,670)	–
Service income derived from AR/VR and mobile games solutions	1,980	2,756
	28,501	62,265

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

6. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on promissory notes	2,187	1,532
Interest on convertible bonds	2,274	2,798
Interest on lease liabilities	90	–
Finance charges on obligations under a finance lease	1	5
Interest on other borrowings	21	120
Total interest expense on financial liabilities not at fair value through profit or loss	4,573	4,455

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits	3,477	5,446
Contributions to defined contribution retirement plans	105	103
	3,582	5,549
(b) Other items		
Depreciation of property, plant and equipment	1,545	2,993
Depreciation of right-of-use assets	1,420	–
Amortisation of intangible assets	5,398	6,696
Fair value change of derivative financial assets	–	156
Operation lease charges in respect of premises:		
– minimum lease payments	4,340	5,635

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

8. DIRECTORS' EMOLUMENTS

The summary of Directors' remuneration is as follows:

For the six months ended 30 September 2019

	Directors' fee HK\$'000 (Unaudited)	Salaries, allowances and benefits-in-kind HK\$'000 (Unaudited)	Retirement scheme contributions HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Executive Directors	-	664	9	673
Independent Non-executive Directors	222	-	-	222
	222	664	9	895

For the six months ended 30 September 2018

	Directors' fee HK\$'000 (Unaudited)	Salaries, allowances and benefits-in-kind HK\$'000 (Unaudited)	Retirement scheme contributions HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Executive Directors	-	1,515	9	1,524
Independent Non-executive Directors	222	-	-	222
	222	1,515	9	1,746

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

9. INCOME TAX

Pursuant to the rules and regulations of Bermuda, British Virgin Islands ("BVI") and Vanuatu, the Group is not subject to any income tax in Bermuda, BVI and Vanuatu.

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong.

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Hong Kong profits tax		
Current period provision	(32)	–
Deferred tax		
In respect of current period	398	402
Total tax credit for the period	366	402

10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share was based on the unaudited loss attributable to owners of the Company of approximately HK\$14,663,000 (2018: HK\$22,074,000) and the weighted average number of 1,250,782,000 (2018: 832,332,000) ordinary shares in issue during the Period under Review.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2019 and 30 September 2018 in respect of a potential dilution of share options and convertible bonds as the impact of the share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group has not acquired any property, plant and equipment (six months ended 30 September 2018: HK\$110,000). The carrying amount of property, plant and equipment with a cost of HK\$129,000 was disposed of during the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

13. TRADE AND OTHER RECEIVABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Trade receivables	2,840	1,491
Other receivables	155,199	154,198
Less: impairment loss	(117,367)	(117,367)
	37,832	36,831
Rental and other deposits	3,845	3,845
Loans and receivables	44,517	42,167
Prepayments	520	498
	45,037	42,665

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

14. TRADE AND OTHER PAYABLES

	30 September 2019	31 March 2019
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables	297	-
Accruals and other payables	7,871	13,829
Due to related companies	784	784
	8,952	14,613

Note:

All the trade and other payables are expected to be settled within one year.

- (a) The amounts due to related companies are unsecured, non-interest bearing and repayable on demand.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

15. PROMISSORY NOTES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
At the beginning of the period/ year	46,475	12,816
Issuance of promissory notes	–	50,000
Fair value adjustment	–	(7,853)
Effective interest on promissory notes	2,187	5,024
Settlement of promissory notes	(20,000)	(13,512)
At the end of the period/year	28,662	46,475
Portion classified as current liabilities	(28,662)	(19,837)
Non-current portion	–	26,638

Notes:

- (a) On 18 October 2017, the Company issued unsecured promissory notes with principal value of HK\$14,000,000 for the acquisition of Explicitly Grand Investments Limited. The promissory notes are interest free and fall due on 17 October 2019. The fair values of the promissory notes at date of issuance was HK\$12,490,000. The promissory notes are subsequently measured at amortised cost, using effective interest rate of 5.87%. The promissory notes were settled on 4 March 2019.
- (b) In 2006, the Company issued promissory notes to directors of Greek Mythology and certain independent third parties with total face value of approximately HK\$1,454,722,000 as part of the consideration for the further 30% equity interest in Greek Mythology. The promissory notes were unsecured, non-interest bearing and repayable in 2016.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

15. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

- (c) Pursuant to a subscription agreement (the "Subscription Agreement") entered into between the Company and a shareholder and director of the Company, Mr. Ng Man Sun, ("Mr. Ng") irrevocably undertook and guaranteed the Company that the irrecoverable debts from certain collaborators of AMA International Limited ("AMA") should not be more than HK\$50,000,000 for the year ended 31 March 2010. Otherwise, Mr. Ng would compensate the Company by offsetting against his promissory notes for the excess with a cap of face value of HK\$300,000,000.

In addition, during the year ended 31 March 2010, Mr. Ng irrevocably undertook and guaranteed the Company the repayment of debts due from the specified collaborators of AMA of up to HK\$300,000,000 on security of other promissory notes with a total face value of HK\$300,000,000.

During the year ended 31 March 2010, AMA made an allowance for impairment of bad and doubtful debts of approximately HK\$2,515,674,000 which included the amounts due from specific collaborators.

As a result, approximately HK\$400,106,000 was deducted from the face value of the promissory notes of HK\$600,000,000 held by Mr. Ng to offset against the bad and doubtful debts in AMA and recognised in the consolidated income statement for the year ended 31 March 2010.

On 18 March 2016 and 15 September 2016, the Company issued two separate writ of summons in the Court of First Instance of the High Court of Hong Kong claiming against Ms. Lee Bing ("Ms. Lee") and Mr. Wu Weide ("Mr. Wu").

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

15. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(c) (CONTINUED)

On 29 December 2017, the Company entered into the Deed of Settlement (the "Deed") in relation to the settlement of the disputes on the HK\$190 million promissory notes (the "PNs") with Ms. Lee and Mr. Wu (collectively the "Holders"), pursuant to which the Company has agreed with the Holders on a settlement proposal in respect of the PNs concerned. The Company and the Holders agreed the settlement as follow:

- i) paying a total sum of HK\$85,500,000 to the Holders in the following manner:
 - (a) the sum of HK\$5,500,000 and which shall be paid to the solicitors of the Holders;
 - (b) the sum of HK\$20,000,000 by the issuance of promissory notes ("PN1") in favour of the Holders and with a maturity date falling on the last business day of the period of nine calendar months after the issuance of promissory notes;
 - (c) the sum of HK\$30,000,000 by the issuance of promissory notes ("PN2") in favour of the Holders and with a maturity date falling on the last business day of the period of eighteen calendar months after the issuance of promissory notes; and
 - (d) the balance of HK\$30,000,000 to be satisfied by the issuance by the Company of convertible bonds in favour of the Holders ("CB1") at a conversion price of HK\$0.249 per share. In case the Holders intend to sell, transfer, assign or dispose of the CB1 or any part thereof to a third party, the Holders shall first serve a written notice to Mr. Ng, with a copy to the Company offering to sell to Mr. Ng;

and

- ii) transferring and assigning a total sum of HK\$104,500,000 of the PNs in favour of Mr. Ng Man Sun ("Mr. Ng") or such other person or entity as the Company shall nominate and the total sum of HK\$104,500,000 of the PNs was settled by issuing the convertible bonds ("CB2") at a conversion price of HK\$0.3 per share.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

15. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(c) (CONTINUED)

The above settlement have been approved by the independent shareholders at a special general meeting of the Company held on 19 June 2018. All the PN1, PN2, CB1 and CB2 were issued on 23 July 2018.

The PN1 and PN2 are interest free and fall due on 23 April 2019 and 23 January 2020 respectively. The fair values of PN1 and PN2 at the date of issuance were approximately HK\$18,064,000 and HK\$24,083,000 respectively. The PN1 and PN2 are subsequently measured at amortised cost, using effective interest rate of 14.53% and 15.73% respectively. As at 30 September 2019, imputed interest of PN1 and PN2 were approximately HK\$163,000 and HK\$2,024,000 respectively and were charged to profit or loss.

16. CONVERTIBLE BONDS

The liabilities component of convertible bonds is as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
CB1	25,921	24,237
CB2	—	14,410
	<hr/>	<hr/>
At the end of the period/year Portion classified as current liabilities	25,921 —	38,647 (14,410)
	<hr/>	<hr/>
Non-current portion	25,921	24,237
	<hr/>	<hr/>

16. CONVERTIBLE BONDS (CONTINUED)

As mentioned in note 15 to the condensed consolidated interim financial statements, the Company issued CB1 and CB2 to settle part of the PNs.

CB1

The principal amount of CB1 is HK\$30,000,000. The holders of the CB1 will be able to convert the outstanding principal amount in whole or in part (in multiples of HK\$1,000,000) into ordinary shares of the Company at a conversion price of HK\$0.249 per conversion share (subject to be customary anti-dilutive adjustments) until the maturity date (i.e. 23 October 2020). The Company has an option to early redeem the CB1 at an amount equal to 100% of the principal amount any time since the issue date but before the maturity date. The CB1 is not interest bearing.

The CB1 is determined to be a compound financial instrument with a conversion option, that will or may be settled by an exchange of a fixed number of ordinary shares of the Company for a fixed amount of cash, being treated as equity. The liability components include host debt component (being the Company's obligation to pay the principal amount of the CB1 on maturity date if the CB1 is not converted or redeemed).

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

16. CONVERTIBLE BONDS (CONTINUED)

CB1 (CONTINUED)

On initial recognition of the CB1, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The value of the early redemption option embedded in the CB1 other than the equity component (i.e. the conversion option) is included in the liability component. Accordingly, on initial recognition, the Group first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument is then determined by deducting the fair value of the financial liability from the fair value of the CB1 as a whole. The fair value of the liability component was calculated using a discounted cash flow approach. The key unobservable input of the valuation is the discount rate adopted of 14.34%. At subsequent reporting dates, the liability component (that does not include the early redemption option) is carried at amortised cost with an effective interest rate of 14.34%.

Movements of the carrying amount of the liability component of the CB1 are as follow:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
At the beginning of the period/ year	24,237	–
Measured at fair value on initial recognition	–	36,415
Less: equity component (being the conversion option)	–	(14,320)
The liability component	24,237	22,095
Interest expense (based on effective interest)	1,684	2,142
At the end of the period/year	25,921	24,237

16. CONVERTIBLE BONDS (CONTINUED)

CB2

The principal amount of CB2 is HK\$104,500,000. The holder of the CB2 will be able to convert the outstanding principal amount in whole or in part (in multiples of HK\$1,000,000) into ordinary shares of the Company at a conversion price of HK\$0.3 per conversion share (subject to customary anti-dilutive adjustments) until the maturity date (i.e. 23 July 2019). The Company has an option to early redeem the CB2 at an amount equal to 100% of the principal amount any time since the issue date but before the maturity date. The CB2 is not interest bearing.

The CB2 is determined to be a compound financial instrument with a conversion option, that will or may be settled by an exchange of a fixed number of ordinary shares of the Company for a fixed amount of cash, being treated as equity. The liability components include host debt component (being the Company's obligation to pay the principal amount of the CB2 on maturity date if the CB2 is not converted or redeemed).

On initial recognition of the CB2, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The value of the early redemption option embedded in the CB2 other than the equity component (i.e. the conversion option) is included in the liability component. Accordingly, on initial recognition, the Group first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument is then determined by deducting the fair value of the financial liability from the fair value of the CB2 as a whole. The fair value of the liability component was calculated using a discounted cash flow approach. The key unobservable input of the valuation is the discount rate adopted of 13.84%. At subsequent reporting dates, the liability component (that does not include the early redemption option) is carried at amortised cost with an effective interest rate of 13.84%.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

16. CONVERTIBLE BONDS (CONTINUED)

CB2 (CONTINUED)

Movements of the carrying amount of the liability component of the CB2 are as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
At the beginning of the period/ year	14,410	-
Measured at fair value on initial recognition	-	116,067
Less: equity component (being the conversion option)	-	(24,267)
	14,410	91,800
The liability component without the early redemption option		
Interest expense (based on effective interest)	590	7,124
Conversion	(15,000)	(84,514)
At the end of the period/year	-	14,410

17. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares of HK\$0.2 per share '000	HK\$'000
Authorised:			
At 31 March 2019, 1 April 2019 and 30 September 2019		2,000,000	400,000
Issued and fully paid:			
At 31 March 2019 and 1 April 2019		1,232,475	246,495
Shares issued under conversion of convertible bonds	a	50,000	10,000
At 30 September 2019		1,282,475	256,495

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

17. SHARE CAPITAL (CONTINUED)

Note:

- (a) Shares issued under conversion of convertible bonds

On 26 July 2019, convertible bonds with an aggregate principal amount of HK\$15,000,000 were converted into 50,000,000 ordinary shares of the Company at a conversion price of HK\$0.3 each.

18. SHARE OPTION SCHEME

2012 Scheme

The Company's share option scheme (the "2012 Scheme"), which was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 12 September 2012 for the purpose of providing incentives to certain eligible participants and unless otherwise cancelled or amended, will expire on 11 September 2022. Under the 2012 Scheme, the Directors may grant share options to eligible employees, including Executive Directors, or any persons or entities who have contributed or will contribute to the growth and development of the Group, to subscribe for shares in the Company.

18. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

Under the 2012 Scheme, the Directors may grant options to the following eligible participants:

- (i) any employee, executives or officers or proposed employees, executives or officers (whether full time or part time and including any Executive Director) of the Company, and of its subsidiaries or any entity (the "Invested Entity") in which the Group holds any equity interests and any of such subsidiaries or any Invested Entity;
- (ii) any Non-executive Directors (including Independent Non-executive Directors) of the Company and any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of the Group or any Invested Entity;
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (vi) any person or entity who from time to time determined by the Board of Directors as having contributed or may contribute to the development and growth of the Group based on his or its performance and/or years of service, or is regarded as valuable resources of the Group based on his/its working experience, knowledge in the industry and other relevant factors.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

18. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

The total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of approval of the 2012 Scheme. The total number of shares available for issue under the 2012 Scheme is 415,265,572 shares (25,773,458 shares after share consolidation and open offer), representing approximately 10% of the shares in issue as at the date of approval of the 2012 Scheme on 12 September 2012.

The number and exercise prices of the share options are adjusted as a result of the completion of open offer on 16 May 2016 in the proportion of one offer shares for every two existing shares held. The exercise prices shown as below represent the adjusted exercise prices as at 30 September 2019.

	30 September 2019		31 March 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
At beginning of reporting period	66,182,000	0.373	47,632,000	0.570
Granted during the period/year	-	-	21,550,000	0.200
Exercised during the period/year	-	-	-	-
Lapsed during the period/year	-	-	(3,000,000)	2.256
Outstanding at end of reporting period	66,182,000	0.373	66,182,000	0.373
Exercisable at end of reporting period	66,182,000	0.373	66,182,000	0.373

18. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

At the annual general meeting held on 9 August 2016, shareholders have approved to refresh the general mandate limit that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme must not exceed 10% of the shares of the Company in issue on the date of that annual general meeting. A total of 51,319,917 options to subscribe for a total of 51,319,917 shares, representing 10% of the total number of shares in issue as at the annual general meeting on 9 August 2016, were approved to be granted.

The maximum number of shares in respect of which options may be granted under the 2012 Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any participant is not permitted to exceed 1% of the shares of the Company in issue during the 12-month period before the date of grant without prior approval from the Company's shareholders. Any grant of options under the 2012 Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the Independent Non-executive Directors of the Company. In addition, any grant of options to a substantial shareholder or an Independent Non-executive Director or any of their respective associates in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million within any 12-month period must be approved by shareholders of the Company in general meeting.

Unless otherwise determined by the Directors of the Company and stated in the offer of the grant of options to a grantee, there is no minimum period required under the 2012 Scheme for holding of an option before it can be exercised.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

18. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

An offer for the grant of options to a grantee shall be accepted by no later than 28 days from the date of offer. HK\$1 per grant of options is payable on the acceptance of the grant of options. Options may be exercised in accordance with the terms of the 2012 Scheme and expiring in accordance with the terms of the 2012 Scheme or upon the expiry of the tenth anniversary of the 2012 Scheme, whichever is the earlier.

The exercise price is determined by the Directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share.

The 2012 Scheme will remain in force for a period of 10 years commencing 12 September 2012.

Fair value of share options and assumptions

(i) *Grant to eligible employees*

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

18. SHARE OPTION SCHEME (CONTINUED)

Fair value of share options and assumptions (CONTINUED)

(i) Grant to eligible employees (CONTINUED)

	17 December 2018	1 December 2017	25 April 2016	10 March 2015	3 March 2014	5 February 2013
Fair value at measurement date	HK\$0.047	HK\$0.042- HK\$0.077	HK\$0.246- HK\$0.269	HK\$0.480- HK\$0.526	HK\$1.479	HK\$0.072
Share price	HK\$0.161	HK\$0.280	HK\$0.430	HK\$0.840	HK\$1.670	HK\$0.077
Exercise price	HK\$0.200	HK\$0.280	HK\$0.459	HK\$0.870	HK\$1.670	HK\$0.077
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Price Model)	65.20%	73.86%	74.14%	73.28%	100.31%	126.44%
Option life (expressed as weighted average life used in the modeling under the Binomial Option Price Model)	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividends	0%	0%	0%	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	2.103%	1.847%	1.823%	1.685%	2.135%	1.245%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

18. SHARE OPTION SCHEME (CONTINUED)

Fair value of share options and assumptions (CONTINUED)

(i) *Grant to eligible employees (CONTINUED)*

Share options were granted under a service condition. This condition has not been taken into account of fair value measurement of the services received on the grant date. There was no market conditions associated with the share option granted.

(ii) *Grant to service providers*

The fair value for share options granted on 18 January 2018, 3 March 2014 and 5 February 2013 is measured using the market-based approach, by reference to the discounted cash flows to estimate the fair value of the professional fees that should have been paid. The fair value for share options granted on 17 December 2018, 25 April 2016 and 10 March 2015 is measured base on the Binomial Option Pricing Model as described as above.

19. COMMITMENT

Operating lease commitment

At 30 September 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Within one year	626	11,421
In the second to fifth year	—	9,803
	626	21,224

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of 1–3 years. The leases do not include extension options. None of the leases includes contingent rentals.

20. MATERIAL RELATED PARTY TRANSACTIONS

Directors' emoluments for the six months ended 30 September 2019 are disclosed in note 8.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

21. EVENTS AFTER THE REPORTING PERIOD

1) Disposal of the Mobile Game Apps

On 5 June 2019, Digital Zone Global Limited, a wholly-owned subsidiary of the Company and Galaxy World Co., Ltd., an independent third party of the Group, entered into an agreement to dispose of the mobile game apps at a consideration of HK\$30,000,000. All the conditions precedent under the agreement have been satisfied and the disposal was completed on 11 October 2019.

Details of the disposal are set out in the announcements of the Company dated 5 June 2019, 10 October 2019 and 15 October 2019 and the circular of the Company dated 17 September 2019.

2) The Lease Agreement and the Assignment Agreement

On 28 October 2019, Victor Mind Global Limited ("VMG"), which is wholly-owned by the Company, and Lion King Entertainment Company Limited ("Lion King"), which is wholly-owned by Mr. Ng Man Sun ("Mr. Ng"), entered into:

1. a lease agreement ("Lease Agreement") pursuant to which Lion King has conditionally agreed to lease and VMG has conditionally agreed to take up a lease of 4 gaming tables located at the mass market gaming area of Century Entertainment, a casino located at Sihanoukville Municipal of Cambodia, for a period commencing from 1 November 2019 and ending on 30 September 2020 at a monthly rental of HK\$1,200,000; and

21. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

2) The Lease Agreement and the Assignment Agreement (CONTINUED)

2. an assignment agreement (“Assignment Agreement”) pursuant to which Lion King has conditionally agreed to assign the business rights of the 4 gaming tables (“Gaming Table Business Rights”) to VMG and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights for a period of five (5) years commencing from the date of commencement of the assignment at a consideration of HK\$120 million. The consideration shall be payable by VMG by way of disposing of 60% interests in Forenzia Enterprises Limited and its subsidiaries at HK\$58 million (“Disposal”) and procure the Company to issue a promissory note at HK\$62 million, to Lion King.

Lion King is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements.

The transactions contemplated under the Assignment Agreement involve (i) the Assignment; and (ii) the Disposal. Pursuant to Rule 14.24 of the Listing Rules, the transactions contemplated under the Assignment Agreement constitute major transaction and connected transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and independent shareholders’ approval requirements.

Details of the continuing connected transactions, major and connected transactions are set out in the announcement of the Company dated 28 October 2019.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2019

21. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

3) Change of the Company's Name

On 9 September 2019, the Board of the Company proposed to change the English name of the Company from "Amax International Holdings Limited" to "Century Entertainment International Holdings Limited", and to adopt the Chinese name of "世紀娛樂國際控股有限公司" as the secondary name of the Company in place of "奧瑪仕國際控股有限公司" (the "Change of Company Name") for the reasons that the new English and Chinese names of the Company can refresh the corporate image and identity of the Company and will more appropriately describe the version of the Group, which the Board considers is in the interest of the Company and its shareholders as a whole.

The change of the Company's name was duly passed as a special resolution at the special general meeting of the Company held on 10 October 2019.

Details of the change of the Company's name are set out in the announcements of the Company dated 9 September 2019 and 10 October 2019 and the circular of the Company dated 17 September 2019.