



Amax International Holdings Limited

奧瑪仕國際控股有限公司

(Formerly known as "AMAX Holdings Limited")

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

Interim Report 2013/14



Contents

Corporate Information	2
Management Discussion and Analysis	3–8
Other Information	9–14
Condensed Consolidated Income Statement	15
Condensed Consolidated Statement of Comprehensive Income	16
Condensed Consolidated Statement of Financial Position	17–18
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flows	20
Notes to Condensed Consolidated Interim Financial Statements	21–50

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

Ms. Sie Nien Che, Celia

Mr. Li Chi Fai

AUDIT COMMITTEE

Mr. Li Chi Fai (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

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

Ms. Man Oi Yuk, Yvonne

AUDITOR

CCIF CPA Limited

LEGAL ADVISER

Robert C. C. Ip & Co

COMPLIANCE ADVISER

South China Capital Limited

INVESTOR RELATIONS CONSULTANT

Cornerstones Communications Ltd.

STOCK CODE

959

BRANCH SHARE REGISTRAR

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 5106–07
51st Floor, The Center
99 Queen's Road Central
Hong Kong

Management Discussion and Analysis

The board (the "Board") of directors (the "Directors") of Amax International Holdings Limited (the "Company") (formerly known as Amax Holdings Limited) reports the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2013 (the "Period Under Review"). The unaudited interim results have been reviewed by the Audit Committee of the Company.

Financial review

The Group is principally engaged in investments in gaming and entertainment related business and is well-positioned to benefit from the market recovery. However, the first six months of the financial year remained a challenging period for the Group as it was still struggling to restore normal business order from the aftermath of a series of unforeseeable and unfortunate events originated in the past few years.

During the Period Under Review, the loss of the Group was approximately HK\$16 million compared to a loss of approximately HK\$15 million for the corresponding period in 2012. The loss was mainly attributable to the fact that relevant financial information of Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology", an associate of the Group which operates and manages Greek Mythology Casino and in which the Group owns 24.8% equity interest) for the Period Under Review was not yet concluded. As a result, the aforesaid information was not incorporated in the unaudited condensed consolidated financial statements for the Period Under Review.

The turnover of the Group was approximately HK\$2.53 million for the Period Under Review, as compared to approximately HK\$2.44 million for the corresponding period last year. During the Period Under Review, the Group's main sources of revenue was rental income on gaming tables and slot machines of approximately HK\$2.4 million generated by its wholly owned subsidiaries.

Management Discussion and Analysis

During the Period Under Review, the Company had raised operating capital by way of placing of new shares and top-up placement respectively. In June 2013, the Company issued an aggregate of 9.6 million new shares at a price of HK\$0.83 per share to raise approximately HK\$7.9 million. In September 2013, the Company issued 11 million subscription shares at a price of HK\$0.86 per share to raise approximately HK\$9.5 million.

Business overview

Subsequent to the shareholders' approval at the annual general meeting ("AGM") held on 30 August 2013, the Company changed its English name from "Amax Holdings Limited" to "Amax International Holdings Limited". The Company also adopted "奧瑪仕國際控股有限公司" as its secondary name. The Group believes that the new company name refreshes the corporate image and identity of the Company and is more appropriately to describe the vision and business landscape of the Group.

Greek Mythology

The Group owns 24.8% equity interest in Greek Mythology, which currently has approximately 20 VIP gaming rooms and a gaming floor targeting the mid-range to high-end market customers from Mainland China and other Asian regions. In 2012, Greek Mythology terminated the operating rights of 40 gaming tables in Greek Mythology Casino and returned them to SJM Holdings Limited. Greek Mythology's financial performance was adversely affected.

The Group is taking every step to address this issue. It will maintain an open communication channel with Greek Mythology and will be continuing with the communication on obtaining the financial accounts.

Management Discussion and Analysis

LE-Guangxi

Through Le Rainbow China Limited ("LE-China"), the Group currently holds 75% beneficial equity interest in Nanning Inter-Joy LOTTO Information Service Co., Ltd. ("LE-Guangxi"). As a lottery related service company in cooperation with the Guangxi Welfare Lottery Issue Centre, 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.

Seeking merger and acquisition opportunities worldwide

The Company is actively exploring merger and acquisition ("M&A") opportunities in order to diversify its source of income and expand its gaming business.

The Company announced its intention to acquire controlling interest in Southern Ruby Limited ("Southern Ruby"), of which the Company's Chairman and Chief Executive Officer, Mr. Ng Man Sun is a substantial shareholder. The Company has been actively engaged in the potential acquisition and will report to the shareholders on the progress in due course.

Change of composition of Remuneration and Nomination Committees

During the Period Under Review, Ms. Yeung Pui Han, Regina, who is an independent non-executive director, a member of Audit Committee and Nomination Committee, was appointed as a member and the chairman of Remuneration Committee on 11 April 2013.

In addition, Ms. Sie Nien Che, Celia, who is an independent non-executive director and a member of Audit Committee, was appointed as a member of Nomination Committee and Remuneration Committee on 11 April 2013.

Management Discussion and Analysis

Currently, Mr. Ng Man Sun, Ms. Ng Wai Yee, Mr. Li Chi Fai, Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia are the members of the Board. The Board is confident that its Directors will continue to work towards a common goal and vision for the best interest of the Group and its shareholders.

Prospects and outlook

Leveraging its extensive experience in the gaming and entertainment industry, the Group will seek to branch out its gaming and entertainment investments beyond Macau. Looking forward, a major focus of the Group will be to explore M&A opportunities worldwide through Southern Ruby.

The Company's strategy is to develop itself into an investment holding company with multiple stable income sources. It will seek to diversify its investment portfolio when it identifies good business opportunities that can be turned into new growth drivers and bring fruitful returns to its investors and shareholders.

The Group fully understands the impact of the events occurred in the past years. After the major interruption to its business last year, the Group will not underestimate the challenges in restoring a normal business status. However, the Group is all ready to invest resources to bring the business back to a profitable position. The Group looks forward to its shareholders' trust and continued support.

Appreciation

The Board would like to take this opportunity to thank the management and staff for their continued contribution to and support for the Group. We are confident that the Group will sail through the rough times and embark on a new journey with its employees and shareholders.

Management Discussion and Analysis

INTERIM DIVIDEND

The Directors did not recommend the payment of any interim dividend for the six months ended 30 September 2013 (2012: nil).

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 fund raising activities.

As at 30 September 2013, the Group had total assets and net assets of approximately HK\$1,298 million (31 March 2013: approximately HK\$1,291 million) and approximately HK\$1,029 million (31 March 2013: approximately HK\$1,027 million) respectively, comprising non-current assets of approximately HK\$1,212 million (31 March 2013: approximately HK\$1,213 million) and current assets of approximately HK\$86 million (31 March 2013: approximately HK\$78 million) which were financed by shareholders' funds of approximately HK\$1,029 million (31 March 2013: approximately HK\$1,027 million), non-controlling interests of approximately HK\$0.21 million (31 March 2013: approximately HK\$0.35 million), current liabilities of approximately HK\$109 million (31 March 2013: approximately HK\$109 million) and non-current liabilities of approximately HK\$161 million (31 March 2013: approximately HK\$156 million).

The Group's current ratio, expressed as current assets over current liabilities, was 0.79 times (31 March 2013: 0.72 times). The Group's gearing ratio, calculated as a ratio of debt (including promissory note) to shareholders' equity, was approximately 26% (31 March 2013: approximately 26%).

Management Discussion and Analysis

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 individual employees and their contribution to the success of the Group based on the performance of the Group.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2013.

Other Information

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

As at 30 September 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of 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 were as follows:

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	47,000,000	200,000 (Note 1)	47,200,000	20.68%
	Interest in a controlled corporation (Note 2)	307,366	—	307,366	0.14%
		47,307,366	200,000 (Note 1)	47,507,366	20.82%
Ms. Ng Wai Yee	Beneficial owner	—	200,000 (Note 1)	200,000	0.088%
Ms. Yeung Pui Han, Regina	Beneficial owner	—	200,000 (Note 1)	200,000	0.088%

Other Information

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 11 and Note 21 to condensed consolidated interim financial statements.
2. 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.

Save as disclosed above, as at 30 September 2013, none of the Directors and chief executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange or were required, pursuant to Section 352 of the SFO, to be entered in the register(s) as referred therein.

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 2013 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.

Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2013, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director and the Chairman and Chief Executive Officer, Ms. Ng Wai Yee and Ms. Yeung Pui Han, Regina as Directors, none of 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.

SHARE OPTION SCHEME

A new share option scheme (the "2012 Scheme") was adopted at the special general meeting of the Company held on 12 September 2012. The 2012 Scheme is valid and effective for a period of 10 years commencing on 12 September 2012.

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

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)	Exercise period (day/month/ year)	Exercise price per share HK\$	No. of share options ('000)				
				As at 1 Apr 2013	Granted during the year	Exercised during the year	Lapsed during the year	As at 30 Sep 2013
Directors								
Mr. Ng Man Sun	05/02/2013 (Note 1)	05/02/2013– 04/02/2023	1.54	200	–	–	–	200
Ms. Ng Wai Yee	05/02/2013 (Note 1)	05/02/2013– 04/02/2023	1.54	200	–	–	–	200
Ms. Yeung Pui Han, Regina	05/02/2013 (Note 1)	05/02/2013– 04/02/2023	1.54	200	–	–	–	200
Eligible employees	05/02/2013 (Note 1)	05/02/2013– 04/02/2023	1.54	1,250	–	–	–	1,250
Service provider	05/02/2013 (Note 1)	05/02/2013– 04/02/2023	1.54	2,000	–	–	–	2,000
In aggregate				3,850	–	–	–	3,850

Other Information

SHARE OPTION SCHEME (CONTINUED)

Note:

1. The exercise price of the share options had been changed from HK\$0.077 to HK\$1.54 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.

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

There was no purchase, sale or redemption by the Company nor by any of its subsidiaries of the Company's listed securities during the six months ended 30 September 2013.

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 fully complied with the Model Code 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.

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

Mr. Ng Man Sun currently assumes the roles of both the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that the roles of the Chairman and the Chief Executive Officer performed by Mr. Ng Man Sun provide to 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 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 of the Company, being all existing Independent Non-executive Directors of the Company, is appointed for a specific term. However, all Independent Non-executive Directors of the Company are subject to retirement by rotation but eligible for re-election at least once every three years at the AGM 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.

Other Information

CORPORATE GOVERNANCE (CONTINUED)

Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting.

Due to other business engagements or commitments, Mr. Ng Man Sun, the Chairman of the Board, did not attend the AGM of the Company held on 30 August 2013.

Under code provision A.6.7 of the CG 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, Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, being Independent Non-executive Directors of the Company, did not attend the AGM of the Company held on 30 August 2013.

REVIEW OF RESULTS

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2013 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, 29 November 2013

Condensed Consolidated Income Statement

For the six months ended 30 September 2013
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
	<i>Note</i>	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	5	2,527	2,440
Cost of sales		(36)	(81)
Gross profit		2,491	2,359
Other revenue and other net income	6	156	113
Selling and distribution expenses		(755)	(558)
General and administrative expenses		(12,632)	(11,885)
Loss from operations	7	(10,740)	(9,971)
Finance costs	9	(5,352)	(4,991)
Share of profit of an associate	15	—	—
Loss before taxation		(16,092)	(14,962)
Income tax	10	—	—
Loss for the period		(16,092)	(14,962)
Attributable to:			
Owners of the Company		(15,767)	(14,455)
Non-controlling interests		(325)	(507)
Loss for the period		(16,092)	(14,962)
		HK Cents	HK Cents (restated)
Loss per share			
— basic and diluted	12	(7.36)	(6.96)

The notes on pages 21 to 50 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2013

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss for the period	(16,092)	(14,962)
Other comprehensive income/(loss) for the period		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of group entities outside Hong Kong, net of nil tax	10	(11)
Total comprehensive loss for the period	(16,082)	(14,973)
Total comprehensive loss attributable to:		
Owners of the Company	(15,759)	(14,463)
Non-controlling interests	(323)	(510)
	(16,082)	(14,973)

The notes on pages 21 to 50 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2013
(Expressed in Hong Kong dollars)

	30	31
	September	March
	2013	2013
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	13 1,577	1,620
Investment properties	6,310	6,310
Intangible assets	13,296	14,319
Goodwill	14 —	—
Interest in an associate	15 1,191,209	1,191,209
Other financial asset	16 —	—
	1,212,392	1,213,458
Current assets		
Trade and other receivables	17 81,273	76,811
Cash and cash equivalents	4,711	1,199
	85,984	78,010
Current liabilities		
Trade and other payables	18 (108,704)	(108,593)
Obligation under a finance lease	(136)	(134)
	(108,840)	(108,727)
Net current liabilities	(22,856)	(30,717)

Condensed Consolidated Statement of Financial Position

At 30 September 2013

(Expressed in Hong Kong dollars)

	<i>Note</i>	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Total assets less current liabilities		1,189,536	1,182,741
Non-current liabilities			
Promissory notes	19	(160,550)	(155,210)
Obligation under a finance lease		(390)	(459)
		(160,940)	(155,669)
NET ASSETS		1,028,596	1,027,072
CAPITAL AND RESERVES			
Share capital	20	45,647	41,527
Reserves		983,160	985,890
Total equity attributable to owners of the Company		1,028,807	1,027,417
Non-controlling interests		(211)	(345)
TOTAL EQUITY		1,028,596	1,027,072

The notes on pages 21 to 50 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013
(Expressed in Hong Kong Dollars)

Attributable to equity owners of the Company											
	Share capital	Share premium	Special reserve	Contributed surplus	Capital reserve	Exchange reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interest	Total
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013 (Audited)	41,527	324,160	[22,470]	2,180,026	7,445	159	147	[1,503,577]	1,027,417	[345]	1,027,072
balance brought forward from 31 March 2013											
Deemed disposal on equity interest in a subsidiary	–	–	–	–	–	[7]	–	–	[7]	457	450
Placing of shares	4,120	13,036	–	–	–	–	–	–	17,156	–	17,156
Loss for the period	–	–	–	–	–	–	–	[15,767]	[15,767]	[325]	[16,092]
Exchange differences on translation of foreign operations	–	–	–	–	–	8	–	–	8	2	10
Total comprehensive loss for the period	–	–	–	–	–	8	–	[15,767]	[15,759]	[323]	[16,082]
At 30 September 2013 (Unaudited)	45,647	337,196	[22,470]	2,180,026	7,445	160	147	[1,519,344]	1,028,807	[211]	1,028,596
At 1 April 2012 (Audited)	41,527	324,160	[22,470]	2,180,026	6,225	144	–	[1,471,170]	1,058,442	550	1,058,992
Loss for the period	–	–	–	–	–	–	–	[14,455]	[14,455]	[507]	[14,962]
Exchange differences on translation of foreign operations	–	–	–	–	–	[8]	–	–	[8]	[3]	[11]
Total comprehensive loss for the period	–	–	–	–	–	[8]	–	[14,455]	[14,463]	[510]	[14,973]
At 30 September 2012 (Unaudited)	41,527	324,160	[22,470]	2,180,026	6,225	136	–	[1,485,625]	1,043,979	40	1,044,019

The notes on pages 21 to 50 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013
 (Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash used in operating activities	(13,688)	(9,752)
Net cash used in investing activities	(353)	(66)
Net cash generated from financing activities	17,528	—
Net increase/(decrease) in cash and cash equivalents	3,487	(9,818)
Cash and cash equivalents as at 1 April	1,199	28,434
Net effect of foreign exchange rate changes	25	—
Cash and cash equivalents as at 30 September	4,711	18,616

The notes on pages 21 to 50 form part of these unaudited condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

1. GENERAL INFORMATION

Amax International Holdings Limited (the “Company”) (formerly known as Amax Holdings Limited) was incorporated and domiciled in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses 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 Units 5106–07, 51st Floor, The Center, 99 Queen’s Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are investment in slot machines related operation, gaming tables related operation, provision of software, hardware, transmission network and distribution of marketing service to Guangxi Welfare Lottery Issue Centre and investment holding. The principal activities of its associate are provision of casino management services including sales, promotion, advertising, patron referral, patron development and coordination of casino activities.

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.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

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 2013.

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

The Group incurred loss of approximately HK\$16,092,000 for the six months ended 30 September 2013 and had net current liabilities of approximately HK\$22,856,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

In order to improve the Group's operating and financial position, the Directors have been implementing various operating and financing measures as follows:

- actively collecting outstanding debts due from an associate and other debtors;
- actively looking for potential investment opportunities;
- cost minimisation and control measures; and
- negotiating with banks and financial institutions such as financial leasing company to obtain new credit lines or financing to fulfill the operational and additional financial obligations.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

2. BASIS OF PREPARATION (CONTINUED)

b) Going concern (CONTINUED)

The Directors are of the opinion that, taking into account of the measures as above, the Group will have sufficient working capital to meet its financial obligations as they fall due in the foreseeable future.

Accordingly, the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. Notwithstanding the above, whether the Group will be able to continue as a going concern would depend on the outcome of the above measures. Should the Group be unable to operate as a going concern, adjustment would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The unaudited condensed consolidated interim financial statements do not include any of these adjustments.

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 2013.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost convention except for certain financial instruments which are measured at fair value, as appropriate.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013, except in relation to the following new and revised HKFRSs issued by the HKICPA that affect the Group and are adopted for the first time in the current period's financial statements.

- Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income
- HKFRS 10, Consolidated financial statements
- HKFRS 11, Joint arrangements
- HKFRS 12, Disclosure of interests in other entities
- HKFRS 13, Fair value measurement
- Revised HKAS 19, Employee benefits
- Revised HKAS 27, Separate financial statements
- Revised HKAS 28, Investments in associates and joint ventures
- HK (IFRIC)-Interpretation 20, Stripping costs in the production phase of a surface mine

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Annual improvements to HKFRSs 2009–2011 Cycle
- Amendments to HKFRS 7 – Disclosures – Offsetting financial assets and financial liabilities
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition Guidance

The adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements except for below:

HKAS 1 Amendment — Presentation of financial statements — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduced a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKFRS 13 — Fair Value Measurement

HKFRS 13 establishes a single source of guidance under HKFRSs for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The adoption of this new standard had no significant effect on the Group's results of operations or financial position.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

4. SEGMENT REPORTING

The executive Directors manage the Group's operations as a single business segment. The Group's operations are monitored and strategic decisions are made on the basis of operating results, consolidated assets and liabilities as reflected in the Group's unaudited condensed consolidated interim financial statements. 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.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

4. SEGMENT REPORTING (CONTINUED)

c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; (ii) the Group's fixed assets, intangible assets and interests in associates ("specified non-current assets"). The geographical location of external 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 and investment properties, the location of the operation to which they are allocated in the case of intangible assets and the location of operations in the case of interest in an associate.

	Hong Kong (place of domicile)	Macau	PRC	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 September 2013 (unaudited)				
Segment revenue	—	2,400	127	2,527
Revenue from external customers	—	2,400	127	2,527
At 30 September 2013 (unaudited)				
Specified non-current assets	7,317	1,204,505	570	1,212,392
For the six months ended 30 September 2012 (unaudited)				
Segment revenue	—	2,400	40	2,440
Revenue from external customers	—	2,400	40	2,440
At 31 March 2013 (audited)				
Specified non-current assets	7,178	1,205,528	752	1,213,458

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

5. TURNOVER

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

		Six months ended 30 September	
<i>Note</i>	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	
Revenue from investments in gaming and entertainment related business			
— Investment in VIP gaming related operation	a	1,800	1,800
— Investment in slot machine related operation	b	600	600
— Provision of services to Guangxi Welfare Lottery Issue Centre		127	40
		2,527	2,440

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

5. TURNOVER (CONTINUED)

a) Investment in VIP gaming related operation

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
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>

b) Investment in slot machine related operation

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Monthly income	<u>600</u>	<u>600</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

6. OTHER REVENUE AND OTHER NET INCOME

An analysis of the Group's other revenue and other net income are as follows:

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Other revenue		
Interest income from banks	1	1
Rental income	23	108
Sundry income	144	4
	168	113
Other net income		
Loss on disposal of property, plant and equipment	(9)	—
Net exchange losses	(3)	—
	(12)	—
	156	113

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

7. LOSS FROM OPERATIONS

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

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
a) Staff costs		
Salaries, wages and other benefits	3,872	4,578
Contributions to defined contribution retirement plans	72	221
	3,944	4,799
b) Other items		
Depreciation of property, plant and equipment	373	427
Amortisation of intangible assets	1,023	255
Auditor's remuneration		
— other services	200	239
Operation lease charges in respect of premises:		
— minimum lease payments	1,406	810
Gross rental income from investment properties less direct outgoings of approximately HK\$1,000 (2012: HK\$12,000)	(22)	(96)

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

8. DIRECTORS' EMOLUMENTS

The summary of Directors' remuneration is as follows:

For the six months ended 30 September 2013

	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	—	1,980	8	1,988
Independent non-executive directors	152	—	—	152
	152	1,980	8	2,140

For the six months ended 30 September 2012

	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	—	1,859	21	1,880
Independent non-executive directors	457	—	—	457
	457	1,859	21	2,337

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

9. FINANCE COSTS

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on promissory notes	5,340	4,991
Finance charges on obligations under a finance lease	11	—
Others	1	—
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	5,352	4,991

10. INCOME TAX

No provision for Hong Kong profits tax, Macau Complementary Income Tax and People's Republic of China ("PRC") Enterprise Income Tax has been made as the companies within the Group have no assessable profits for the six months ended 30 September 2013 and 2012 in the relevant tax jurisdictions.

11. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of the loss per share is based on the unaudited loss attributable to owners of the Company of approximately HK\$15,767,000 (2012: HK\$14,455,000) and the weighted average number of ordinary shares in issue during the Period Under Review, calculated as follows:

	Six months ended 30 September	
	2013 '000	2012 '000 (restated)
Issued ordinary shares at the beginning of the period	207,633	4,152,656
Effect of share consolidation	—	(3,945,023)
Weighted average number of ordinary shares after share consolidation	207,633	207,633
Placing of Shares	6,614	—
Weighted average number of ordinary shares at the end of the period	214,247	207,633

The weighted average number of ordinary shares of basic loss per share for the six months ended 30 September 2012 have been adjusted for the share consolidation and adjusted for the placing of new shares for the six months ended 30 September 2013.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

12. LOSS PER SHARE (CONTINUED)**(b) Diluted loss per share**

The computation of diluted loss per share does not assume the exercise of certain of the Company's outstanding share options as the exercise price of those share options is higher than the average market price for both the six months ended 30 September 2013 and 2012.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired property, plant and equipment having a total cost of HK\$342,000 (six months ended 30 September 2012: HK\$67,000).

14. GOODWILL

	HK\$'000
<hr/>	
Cost	
At 31 March 2013, 1 April 2013 and 30 September 2013	<u>18,309</u>
Accumulated impairment losses	
At 31 March 2013, 1 April 2013 and 30 September 2013	<u>18,309</u>
Carrying amount	
At 30 September 2013 (Unaudited)	<u>—</u>
At 31 March 2013 (Audited)	<u>—</u>
<hr/>	

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

14. GOODWILL (CONTINUED)

Goodwill relates to the acquisition in the year ended 31 March 2011 of 100% equity interest in Le Rainbow China Limited which, at the time of acquisition, held 60% equity interest in 南寧樂彩互動信息服務有限公司 (Nanning Inter-Joy LOTTO Information Services Co., Ltd "LE-Guangxi"). On 1 November 2012, LE-Guangxi was licensed to provide computer lottery terminals and related hardware and software and marketing services to Guangxi Welfare Lottery Issue Centre for two years to July 2013. On 31 October 2012, the licence was renewed and LE-Guangxi has been permitted to provide the above-named services to Guangxi Welfare Lottery Issue Centre till 29 October 2015.

For the impairment testing, goodwill was allocated to the cash-generating unit ("CGU") engaged in provision computer lottery terminals and related hardware and software and marketing services to Guangxi Welfare Lottery Issue Centre. The recoverable amount of this CGU was determined based on value-in-use calculation. This calculation used cash flow projections based on financial budget approved by management covering a period up to the expiry of the licence of providing the service to the Guangxi Welfare Lottery Issue Centre in July 2013 and extrapolated cash flows for the following three years based on estimated growth rates of 3%–349%. The discount rate applied to cash flow projections was 10.87%.

A full impairment loss of HK\$18,309,000 had been recognised in profit or loss for the year ended 31 March 2012. The impairment loss arose in view of deterioration in revenue and operating results of the CGU last year.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

15. INTEREST IN AN ASSOCIATE

Since the unaudited consolidated interim financial information for the six months ended 30 September 2013 of Greek Mythology (as defined below) is not available, the interest in the associate was accounted for in the unaudited condensed consolidated interim financial statements under the equity method using the unaudited financial information of the associate as at 31 March 2012. The carrying amount of the interest in an associate of HK\$1,191,209,000 brought forward from 1 April 2013 was carried forward to 30 September 2013.

16. OTHER FINANCIAL ASSET

	HK\$'000
<hr/>	
Available-for-sale financial asset, at fair value	
At 1 April 2013 (Audited balance brought forward from 31 March 2013)	2,095,268
Less: Impairment loss	<u>(2,095,268)</u>
At 30 September 2013 (Unaudited)	<u>—</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

16. OTHER FINANCIAL ASSET (CONTINUED)

(a) Loan to a subsidiary

The loan to a subsidiary was used for financing the loan to AMA International Limited ("AMA") (see Note 16(b)). The loan is secured by a guarantee from Mr. Francisco Xavier Albino ("Mr. Albino"), interest-free and is repayable on demand.

(b) Available-for-sale financial asset

The available-for-sale financial asset comprises a loan of HK\$1.9 billion (31 March 2013: HK\$1.9 billion) provided in December 2007 by a wholly-owned subsidiary, Ace High Group Limited ("Ace High"), to AMA as the operating capital of AMA for it to carry on the junket business in Macau. In return, AMA had agreed to transfer all of its junket business profits generated under the gaming promotion agreement dated 21 August 2007 entered into between AMA and Melco PBL Gaming (Macau) Limited (the "Gaming Operator") to Ace High. The profits represented the aggregate commissions of 1.35% and bonuses payable by the Gaming Operator to AMA after deducting (a) the total commissions and bonuses payable by AMA to its collaborators under the gaming intermediary agreements entered into by AMA with its collaborators, and (b) all relevant operational and administrative expenses incurred and tax payable to the Macau Government by AMA. On the same date, Ace High and Mr. Albino entered into an agreement whereby Ace High has to transfer 20% of the profits from AMA under the aforesaid gaming promotion agreement to Mr. Albino.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

16. OTHER FINANCIAL ASSET (CONTINUED)

(b) Available-for-sale financial asset (CONTINUED)

In December 2009, the Gaming Operator revoked the aforesaid gaming promotion agreement and entered into a new gaming promotion agreement with AMA, whereby the commission rate for AMA was reduced from 1.35% to 1.20%, following the implementation of a 1.25% cap on junket commission by the Macau Government. Besides, the Gaming Operator unilaterally entered into separate agreements with some of AMA's collaborators and some collaborators ceased their business in the premises of the Gaming Operator. AMA was no longer to share the gaming wins of those collaborators who dealt directly with the Gaming Operator and the commissions and bonuses from the Gaming Operator. AMA's only remaining enforceable agreement was with a collaborator who agreed to share 0.05% commission on the rolling volume generated at casino with AMA. The new gaming promotion agreement was mutually terminated in June 2010.

Due to these adverse changes and the fact that AMA has not recorded any profits since December 2009, accumulated impairment losses of HK\$2,064,332,000 were recognised as at 31 March 2011. As there were no share of profits and loan repayments from AMA in the year ended 31 March 2012, the management considered that the available-for-sale financial asset had been fully impaired as at 31 March 2012, and a further impairment loss of HK\$30,936,000 was recognised in profit or loss for the year ended 31 March 2012.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

17. TRADE AND OTHER RECEIVABLES

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Trade receivables from AMA International Limited	468,294	468,294
Less: impairment	(468,294)	(468,294)
	—	—
Other receivables	28,552	28,575
Less: impairment	(25,300)	(25,300)
	3,252	3,275
Due from an associate	72,765	70,365
Loans and receivables	76,017	73,640
Rental and other deposits	1,536	437
Prepayments	3,720	2,734
	81,273	76,811

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

17. TRADE AND OTHER RECEIVABLES (CONTINUED)**Ageing analysis**

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

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Over 1 year past due	468,294	468,294

18. TRADE AND OTHER PAYABLES

	<i>Note</i>	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Trade payables	a	931	912
Accruals and other payables	b	107,617	107,525
Due to related companies	c	156	156
Financial liabilities measured at amortised cost		108,704	108,593

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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

18. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) The ageing analysis of trade payables as of the end of the reporting period is as follows:

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Less than 1 year past due	14	59
Over 1 year past due	917	853
	931	912

- (b) Included in Group's accruals and other payables as at 30 September 2013 was the entitlement of the 20% share of profits from AMA payable to Mr. Albino amounting to HK\$102,439,000 (31 March 2013: HK\$102,439,000).
- (c) 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 2013

19. PROMISSORY NOTES

In 2006, the Company issued promissory notes to directors of Greek Mythology and certain independent third parties with a total face value of approximately HK\$1,454,722,000 as part of the consideration for the acquisition of the equity interest in Greek Mythology. The promissory notes are unsecured, non-interest bearing and repayable on 27 March 2016.

Interest expense on promissory notes is calculated using the effective interest method by applying the effective interest rate of 7% per annum to the fair value of the promissory notes and is deducted from the carrying value of the promissory notes and charged to profit or loss.

	HK\$'000
At 1 April 2012 (audited)	145,057
Add: Interest on promissory note	<u>4,991</u>
At 30 September 2012 (unaudited)	<u>150,048</u>
At 1 April 2013 (audited balance brought forward from 31 March 2013)	155,210
Add: Interest on promissory note	<u>5,340</u>
At 30 September 2013 (unaudited)	<u>160,550</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

20. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares of HK\$0.01 per share '000	Number of ordinary shares of HK\$0.2 per share '000	HK\$'000
Authorised:				
At 1 April 2012		8,000,000	—	80,000
Share consolidation	(i)	(8,000,000)	400,000	—
At 31 March 2013, 1 April 2013 and 30 September 2013		—	400,000	80,000
Issued and fully paid:				
At 1 April 2012		4,152,656	—	41,527
Share consolidation	(i)	(4,152,656)	207,633	—
At 31 March 2013 and April 2013		—	207,633	41,527
Placings of shares	(ii)	—	20,600	4,120
At 30 September 2013		—	228,233	45,647

The owners 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 2013

20. SHARE CAPITAL (CONTINUED)

- (i) Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting of the Company held on 27 March 2013, the consolidation of ordinary shares in the share capital of the Company (on the basis that every 20 then existing issued and unissued ordinary shares of HK\$0.01 each were consolidated into 1 ordinary share of HK\$0.2 each) was approved effective from 27 March 2013.
- (ii) In June 2013, the Company issued an aggregate of 9.6 million new shares at a price of HK\$0.83 per share to raise approximately HK\$7.85 million of net proceeds. In September 2013, the Company issued 11 million subscription shares at a price of HK\$0.86 per share to raise approximately HK\$9.31 million of net proceeds. Totally HK\$4.12 million was recorded as increase in share capital and the remaining proceeds of approximately HK\$13.04 million was recorded as share premium.

21. SHARE OPTIONS SCHEME

Previous Scheme

The Company had a share option scheme (the "Previous Scheme") which was adopted on 12 August 2002 whereby the Directors of the Company were authorised, at their discretion, within a period of ten years to 11 August 2012, to invite employees of the Group, including directors of any company in the Group, to take up options at a nominal consideration of HK\$1 to subscribe for shares of the Company.

The total number of shares in respect of which options may be granted under the scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

21. SHARE OPTIONS SCHEME (CONTINUED)

Existing Scheme

The Company's new share option scheme (the "Existing Scheme"), which was adopted pursuant to the ordinary resolutions 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 12 September 2022. Under the Existing 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.

Under the Existing 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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

21. SHARE OPTIONS SCHEME (CONTINUED)

Existing Scheme (CONTINUED)

- (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.

The total number of shares which may be issued upon exercise of all options to be granted under the Existing Scheme of the Company must not in aggregate exceed 10% of the Shares in issue at the date of approval of the Existing Scheme. The total number of shares available for issue under the Existing Scheme is 415,265,572 shares, representing approximately 10% of the Shares in issue as at the date of approval of the Existing Scheme.

The maximum number of shares in respect of which options may be granted under the Existing 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 Existing 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.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

21. SHARE OPTIONS SCHEME (CONTINUED)

Existing Scheme (CONTINUED)

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

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 Existing Scheme and expiring in accordance with the terms of the Existing Scheme or upon the expiry of the tenth anniversary of the Existing Scheme, whichever is the earlier.

The exercise price is determined by the directors, 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 Existing Scheme will remain in force for a period of 10 years commencing on 12 September 2012.

Fair value of share options and assumptions

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 Binominal 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 Binominal Option Pricing Model.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

21. SHARE OPTIONS SCHEME (CONTINUED)**Fair value of share options and assumptions** (CONTINUED)

Date of grant
5 February
2013

Fair value of share options and assumptions

Fair value at measurement date	HK\$1.44*
Share price	HK\$1.54*
Exercise price	HK\$1.54*
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Pricing Model)	126.44%
Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)	10 years
Expected dividends	0%
Risk-free interest rate (based on exchange fund notes)	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.

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.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

22. OPERATING LEASE COMMITMENTS

At 30 September 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 September 2013 HK\$'000 Unaudited	31 March 2013 HK\$'000 Audited
Within one year	4,590	922
In the second to fifth year	5,586	—
	10,176	922

The Group is the lessee of a property held under an operating lease. The lease runs for an initial period of 2 years and 7 months. The lease does not include extension options and contingent rentals.

23. MATERIAL RELATED PARTY TRANSACTIONS

Directors' emoluments for the six months ended 30 September 2013 are disclosed in Note 8.