



INTERIM REPORT 2015/16

Amax International Holdings Limited
奧瑪仕國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 959

Contents

Corporate Information	2
Management Discussion and Analysis	3–8
Other Information	9–14
Condensed Consolidated Statement of Profit or Loss	15
Condensed Consolidated Statement of Profit or Loss and Other 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	21–46

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

(Chief Financial Officer)

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

Robert C. C. Ip & Co

INVESTOR RELATIONS CONSULTANT

Cornerstones Communications Ltd.

STOCK CODE

959

BRANCH SHARE REGISTRAR

Tricor Secretaries Limited

Level 22, Hopewell Centre

183 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, 51/F.

The Center

99 Queen's Road Central

Central, Hong Kong

The board (the “Board”) of directors (the “Directors”) of Amax International Holdings Limited (the “Company”; stock code: 959) reports the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2015 (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 investment holdings and investments in high-end niche gaming and entertainment related businesses. For the first six months of the financial year, the Group continued its efforts in consolidating its business resources and delivered solid progress in diversifying its investments geographically.

Turnover of the Group for the Period under Review was approximately HK\$3.99 million, as compared to approximately HK\$2.44 million for the corresponding period last year. Revenue from VIP gaming tables and slot machines-related operations generated by its wholly owned subsidiaries of the Group formed the major source of revenue during the Period under Review.

The Group recorded an operating loss of approximately HK\$17.69 million in the Period under Review, versus an operating loss of approximately HK\$18.40 million for the corresponding period last year.

Financial position

During the Period under Review, the Company strengthened its financial position with the completion of a placing and top-up subscription of 25 million shares at HK\$0.64, raising HK\$15.74 million as general working capital. The successful placing exercises demonstrated the confidence of the shareholders and investors in the Company’s management and prospects.



Management Discussion and Analysis

It is expected that the commencement of operation in the Republic of Vanuatu (“Vanuatu”) will provide stable source of income for the Group to fund its current and future operations.

Business review

Forenzia Enterprises Limited

In response to the phenomenal development of the interactive gaming sector in recent years, the Group has taken a number of initiatives to seize the rising opportunities. In October 2014, the Company diversified its core gaming and entertainment business by entering into a sale and purchase agreement for the acquisition of 60% of the issued share capital of Forenzia Enterprises Limited (“Forenzia Enterprises”). Principally engaged in gaming business in Vanuatu, Forenzia Enterprises has obtained, through its wholly-owned subsidiaries, an interactive gaming license valid for a period of 15 years in the Republic of Vanuatu. The Company has full confidence in the high potential of Vanuatu as the next gaming hotspot and is well-poised to benefit from the unfulfilled demand by establishing casino operations there.

During the Period under Review, the setting up of the business operation of Forenzia Enterprises progressed gradually as planned and the Regulator has been kept informed on the latest development of the project. Upon completion, the business will become the main revenue driver for the Company in Asia Pacific.

Greek Mythology

Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology”) is an associate in which the Group owns 24.8% equity interests. It operates and manages Greek Mythology Casino. The relationship between Greek Mythology and the Company began to deteriorate in 2012. Greek Mythology has since refused to provide the Company with its valid financial information to enable the Company to prepare its financial results.

The Company has taken a series of legal actions in an attempt to obtain the annual accounts of Greek Mythology. Although the Company has eventually received what purported to be the management accounts of Greek Mythology for the year ended 31 March 2013 and 31 March 2014 respectively, the Company was unable to verify both the accuracy and legitimacy of such financial information and therefore not able to give its assent accordingly. The Company has also requested but yet to receive from Greek Mythology the management accounts of Greek Mythology for the year ended 31 March 2015 and for the six months ended 30 September 2015. As conditions allow, apart from obtaining the said information and documentation, the Company will not hesitate to escalate the actions in order to re-exercise the rights of the Company in Greek Mythology.

As the financial accounts of Greek Mythology may have significant impact on the Company's financial performance, the Company will closely monitor the development of this matter and inform shareholders if and when there is any significant progress.

LE-Guangxi

Through Le Rainbow China Limited ("LE-China"), the Group currently holds a 42.61% beneficial equity interest in Nanning Inter-Joy LOTTO Information Service Co., Ltd. ("LE-Guangxi"). As a lottery related services company in cooperation with the Guangxi Welfare Lottery Issue Centre, LE-Guangxi's Guangxi operation is primarily engaged in developing an electronic lottery selling system for the Guangxi Welfare Lottery Issue Centre which allows LE-Guangxi to access a wide network of customers via internet, generating a stable revenue source for the Group. During the Period under Review, commission income from the provision of services amounted to HK\$1,588,000, as compared to HK\$43,000 for the corresponding period last year.

Prospects and outlook

Macau used to be a key driver for Asia Pacific's booming gaming industry. However, the region has been hit by negative growth for 18 consecutive months. In October 2015, the Chinese government indicated it would help boost Macau's economy, but it is unlikely that it will resume the explosive growth pattern in the near term. In

order to mitigate the challenges and combat stagnant growth in Macau, the Company has diversified its investment in the gaming and entertainment revenue streams by tapping into high-growth gaming regions and other potential markets.

With the rapid development of interactive gaming and the introduction of superior gaming technologies, it is expected that the global gaming market will continue to grow in 2015. Asia Pacific remains the largest gambling region in the world, and also the fastest-growing region, with a projected 18.3% increase compounded annually to US\$79.3 billion in 2015. Given these substantial growth potentials, the Group will leveraging its extensive experience in the gaming and entertainment industry to diversify its portfolio of assets.

The Group will endeavor to bring its business back to a profitable position by continuing to transform itself into an investment holding company with multiple stable income sources. Looking ahead, the Group will explore further M&A opportunities in Asia Pacific and worldwide, as well as actively pursue different gaming activity channels and revenue drivers in an effort to generate sustainable growth and returns.

Appreciation

The Board would like to take this opportunity to thank the management and staff for their contribution and support. We look forward to sharing our success with them. We are grateful for the trust and continued support of our investors and shareholders and are committed to creating long term value and return for them.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: 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 2015, the Group had total assets and net assets of approximately HK\$1,461 million (31 March 2015: approximately HK\$1,450 million) and approximately HK\$1,223 million (31 March 2015: approximately HK\$1,224 million) respectively, comprising non-current assets of approximately HK\$1,364 million (31 March 2015: approximately HK\$1,362 million) and current assets of approximately HK\$98 million (31 March 2015: approximately HK\$89 million) which were financed by shareholders' funds of approximately HK\$1,223 million (31 March 2015: approximately HK\$1,224 million), non-controlling interests of approximately HK\$61 million (31 March 2015: approximately HK\$62 million), current liabilities of approximately HK\$237 million (31 March 2015: approximately HK\$188 million) and non-current liabilities of approximately HK\$1 million (31 March 2015: approximately HK\$39 million).

The Group's current ratio, expressed as current assets over current liabilities, was 0.41 times (31 March 2015: 0.47 times). The Group's gearing ratio, calculated as a ratio of debt (including promissory note) to shareholders' equity, was approximately 19% (31 March 2015: approximately 18%).

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 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 2015.

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

Save as disclosed below, as at 30 September 2015, 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		Approximate	
		Number of shares held	underlying shares held	Total share capital	percentage of issued
Mr. Ng Man Sun	Beneficial owner	38,570,000	600,000 <i>(Note 1)</i>	39,170,000	12.89%
	Interest in a controlled corporation <i>(Note 2)</i>	307,366	—	307,366	0.10%
	Total	38,877,366	600,000 <i>(Note 1)</i>	39,477,366	12.99%
Ms. Ng Wai Yee	Beneficial owner	—	600,000 <i>(Note 1)</i>	600,000	0.20%
Ms. Yeung Pui Han, Regina	Beneficial owner	—	600,000 <i>(Note 1)</i>	600,000	0.20%
Mr. Li Chi Fai	Beneficial owner	—	400,000 <i>(Note 1)</i>	400,000	0.13%
Ms. Sie Nien Che, Celia	Beneficial owner	200,000	200,000 <i>(Note 1)</i>	400,000	0.13%

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 20 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 2015 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 2015, 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, 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

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 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 HK\$	No. of share options ('000)				As at 30 September 2015
				As at April 2015	Granted	Exercised	Lapsed	
Directors								
Mr. Ng Man Sun	05/02/2013 (Note 1)	05/02/2013-04/02/2023	1.54	200	–	–	–	200
	03/03/2014	03/03/2014-02/03/2024	1.67	200	–	–	–	200
	10/03/2015	10/03/2015-09/03/2025	0.87	200	–	–	–	200
Ms. Ng Wai Yee	05/02/2013 (Note 1)	05/02/2013-04/02/2023	1.54	200	–	–	–	200
	03/03/2014	03/03/2014-02/03/2024	1.67	200	–	–	–	200
	10/03/2015	10/03/2015-09/03/2025	0.87	200	–	–	–	200
Ms. Yeung Pui Han, Regina	05/02/2013 (Note 1)	05/02/2013-04/02/2023	1.54	200	–	–	–	200
	03/03/2014	03/03/2014-02/03/2024	1.67	200	–	–	–	200
	10/03/2015	10/03/2015-09/03/2025	0.87	200	–	–	–	200
Mr. Li Chi Fai	03/03/2014	03/03/2014-02/03/2024	1.67	200	–	–	–	200
	10/03/2015	10/03/2015-09/03/2025	0.87	200	–	–	–	200
Ms. Sie Nien Che, Celia	03/03/2014	03/03/2014-02/03/2024	1.67	200	–	–	–	200
	10/03/2015	10/03/2015-09/03/2025	0.87	200	–	200	–	–
Eligible employees	05/02/2013 (Note 1)	05/02/2013-04/02/2023	1.54	1,250	–	–	–	1,250
	03/03/2014	03/03/2014-02/03/2024	1.67	2,100	–	–	–	2,100
	10/03/2015	10/03/2015-09/03/2025	0.87	2,100	–	–	–	2,100
Service provider	05/02/2013 (Note 1)	05/02/2013-04/02/2023	1.54	2,000	–	–	–	2,000
	03/03/2014	03/03/2014-02/03/2024	1.67	2,000	–	–	–	2,000
	10/03/2015	10/03/2015-09/03/2025	0.87	2,000	–	1,000	–	1,000
In aggregate				14,050	–	1,200	–	12,850

SHARE OPTION SCHEME (CONTINUED)

Note:

1. The exercise price of the share options has 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 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.

CORPORATE GOVERNANCE (CONTINUED)

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.

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.

CORPORATE GOVERNANCE (CONTINUED)

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 28 August 2015. 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.

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 28 August 2015.

REVIEW OF RESULTS

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 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, 27 November 2015

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2015
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
	<i>Note</i>	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Turnover	5	3,988	2,443
Cost of sales		(1,060)	(131)
Gross profit		2,928	2,312
Other revenue	6	1	28
Selling and distribution expenses		(410)	(288)
General and administrative expenses		(14,071)	(14,000)
Loss from operations	7	(11,552)	(11,948)
Finance costs	9	(6,136)	(6,448)
Share of profit of an associate	15	—	—
Loss before taxation		(17,688)	(18,396)
Income tax	10	—	—
Loss for the period		(17,688)	(18,396)
Attributable to:			
Owners of the Company		(16,694)	(17,772)
Non-controlling interests		(994)	(624)
Loss for the period		(17,688)	(18,396)
		HK Cents	HK Cents
Loss per share			
— basic and diluted	12	(5.66)	(7.75)

The notes on pages 21 to 46 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 2015
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Loss for the period	(17,688)	(18,396)
Other comprehensive income 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	6	9
Total comprehensive expense for the period	(17,682)	(18,387)
Total comprehensive expense attributable to:		
Owners of the Company	(16,692)	(17,768)
Non-controlling interests	(990)	(619)
	(17,682)	(18,387)

The notes on pages 21 to 46 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2015
(Expressed in Hong Kong dollars)

	<i>Note</i>	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	4,720	5,346
Intangible assets		162,693	163,715
Goodwill	14	—	—
Interest in an associate	15	1,191,209	1,191,209
Deposits paid for acquisition of computer hardware/software		4,974	1,242
		1,363,596	1,361,512
Current assets			
Other receivables	16	90,053	85,864
Cash and cash equivalents		7,606	3,053
		97,659	88,917
Current liabilities			
Trade and other payables	17	52,617	47,070
Obligations under a finance lease		373	367
Promissory notes	18	183,812	140,288
		236,802	187,725
Net current liabilities		(139,143)	(98,808)

Condensed Consolidated Statement of Financial Position

At 30 September 2015
(Expressed in Hong Kong dollars)

	<i>Note</i>	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Total assets less current liabilities		1,224,453	1,262,704
Non-current liabilities			
Obligations under a finance lease		1,020	1,209
Promissory notes	18	—	37,410
		1,020	38,619
NET ASSETS		1,223,433	1,224,085
CAPITAL AND RESERVES			
Share capital	19	60,787	55,547
Reserves		1,101,498	1,106,644
Total equity attributable to owners of the Company		1,162,285	1,162,191
Non-controlling interests		61,148	61,894
TOTAL EQUITY		1,223,433	1,224,085

The notes on pages 21 to 46 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

At 30 September 2015
(Expressed in Hong Kong dollars)

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 April 2015											
(Audited balance brought forward from 31 March 2015)	55,547	406,613	(22,470)	2,180,026	19,291	192	147	(1,477,155)	1,162,191	61,894	1,224,085
Deemed disposal on equity interest in a subsidiary	—	—	—	—	—	—	—	—	—	244	244
Share issue under placing	5,000	10,743	—	—	—	—	—	—	15,743	—	15,743
Exercise of share options	240	1,389	—	(586)	—	—	—	—	1,043	—	1,043
Loss for the period	—	—	—	—	—	—	—	(16,694)	(16,694)	(994)	(17,688)
Exchange differences on translation of foreign operation	—	—	—	—	—	2	—	—	2	4	6
Total comprehensive income/(expense) for the period	—	—	—	—	—	2	—	(16,694)	(16,692)	(990)	(17,682)
At 30 September 2015											
(Unaudited)	60,787	418,745	(22,470)	2,180,026	18,705	194	147	(1,493,849)	1,162,285	61,148	1,223,433
At 1 April 2014 (Audited)											
Deemed disposal on equity interest in a subsidiary	45,647	337,196	(22,470)	2,180,026	16,795	190	147	(1,436,915)	1,120,616	597	1,121,213
Share issue under placing	1,280	6,277	—	—	—	—	—	—	7,557	—	7,557
Loss for the period	—	—	—	—	—	—	—	(17,772)	(17,772)	(624)	(18,396)
Exchange differences on translation of foreign operation	—	—	—	—	—	4	—	—	4	5	9
Total comprehensive income/(expense) for the period	—	—	—	—	—	4	—	(17,772)	(17,768)	(619)	(18,387)
At 30 September 2014											
(Unaudited)	46,927	343,473	(22,470)	2,180,026	16,795	194	147	(1,454,687)	1,110,405	437	1,110,842

The notes on pages 21 to 46 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2015
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash used in operating activities	(10,364)	(9,538)
Net cash (used in)/generated from investing activities	(1,896)	14,136
Net cash generated from/(used in) financing activities	16,826	(3,786)
Net increase in cash and cash equivalents	4,566	812
Cash and cash equivalents as at 1 April	3,053	3,962
Net effect of foreign exchange rate changes	(13)	5
Cash and cash equivalents as at 30 September	7,606	4,779

The notes on pages 21 to 46 form part of these unaudited condensed consolidated interim financial statements.

1. GENERAL INFORMATION

Amax International Holdings Limited (the “Company”) 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 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 Units 5106–07, 51/F, The Center, 99 Queen’s Road Central, Central, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are investments in slot machines related operation, VIP gaming tables related operation, provision of software, hardware, transmission network and 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 2015

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 2015.

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 2015. The Group incurred a consolidated net loss from operations attributable to owners of the Company of approximately HK\$16,694,000 for the six months ended 30 September 2015, and had consolidated net current liabilities of approximately HK\$139,143,000 as at 30 September 2015.

The directors adopted the going concern basis in the preparation of the unaudited condensed consolidated interim financial statements by successfully obtaining the unsecured loan facility from an independent third party in order to improve the working capital position, the immediate liquidity and the cash flow position of the Group and the Company.

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 and the Company will have sufficient working capital for its current requirements and it is reasonable to expect that the Group and the Company will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the interim financial statements for the six months ended 30 September 2015 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 2015.



Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

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 2015, 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 HKFRSs, Annual improvements to HKFRSs 2010–2012 cycle
- Amendments to HKFRSs, Annual improvements to HKFRSs 2011–2013 cycle
- Amendments to HKAS 19, Defined benefit plans: employee contributions

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

4. SEGMENT INFORMATION

The Group principally has one reportable segment, which is the investments in gaming and entertainment related businesses. Therefore, no additional reportable segment has been presented. Additional information about major customer and geographical information of the Group has been disclosed in notes (a) and (b) below.

(a) Major customer

Revenue of HK\$2,400,000 (2014: HK\$2,400,000) was received/receivable from Greek Mythology for the six months ended 30 September 2015.

(b) Geographical information

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

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Macau	2,400	2,400
PRC (excluding Macau and Hong Kong)	1,588	43
	3,988	2,443

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information (CONTINUED)

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

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Macau	1,200,414	1,201,437
PRC	89	137
Hong Kong	2,678	3,034
Vanuatu	160,415	156,904
	1,363,596	1,361,512

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

5. TURNOVER (CONTINUED)

a) Investment in VIP gaming tables related operation

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Income	1,800	1,800

b) Investment in slot machines related operation

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Income	600	600

6. OTHER REVENUE

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

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Other revenue		
Interest income from banks	1	1
Rental income	—	25
Sundry income	—	2
	<u>1</u>	<u>28</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

7. LOSS FROM OPERATIONS

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

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
a) Staff costs		
Salaries, allowances and other benefits	2,461	4,479
Contributions to defined contribution retirement plans	116	106
	2,577	4,585
b) Other items		
Depreciation of property, plant and equipment	643	312
Amortisation of intangible assets	1,023	1,023
Loss on disposal of a subsidiary	—	3
Loss on disposal of property, plant and equipment	—	71
Operation lease charges in respect of premises:		
— minimum lease payments	2,320	2,492
Rental income	—	(25)

8. DIRECTORS' EMOLUMENTS

The summary of Directors' remuneration is as follows:

For the six months ended 30 September 2015

	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	—	2,148	9	2,157
Independent Non-executive Directors	198	—	—	198
	198	2,148	9	2,355

For the six months ended 30 September 2014

	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	—	2,052	9	2,061
Independent Non-executive Directors	180	—	—	180
	180	2,052	9	2,241

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

9. FINANCE COSTS

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest on promissory notes	6,114	5,714
Finance charges on obligations under a finance lease	22	8
Interest on other borrowing	—	726
Total interest expense on financial liabilities not at fair value through profit or loss	6,136	6,448

10. INCOME TAX

No provision for Hong Kong Profits Tax, Macau Complementary Income Tax, the People's Republic of China ("PRC") Enterprise Income Tax and the Republic of Vanuatu Interactive Gaming Tax has been made as the companies in the Group have no assessable profits for the six months ended 30 September 2015 and 2014 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 2015 (2014: Nil).

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\$16,694,000 (2014: HK\$17,772,000) and the weighted average number of ordinary shares in issue during the Period under Review, calculated as follows:

	Six months ended 30 September	
	2015 '000 (Unaudited)	2014 '000 (Unaudited)
Issued ordinary shares at 1 April	292,533	228,233
Effect of share issue under placing	1,776	1,189
Effect of share issue under exercise of share options	686	—
Weighted average number of ordinary shares at 30 September	294,995	229,422

The weighted average number of ordinary shares of basic loss per share for the six months ended 30 September 2015 and 2014 have been adjusted for the placing of new shares and/or exercise of share options.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for both the six months ended 30 September 2015 and 2014 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss per share amounts presented.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired property, plant and equipment having a total cost of approximately HK\$23,000 (six months ended 30 September 2014: approximately HK\$22,000).

14. GOODWILL

	HK\$'000
Cost	
At 31 March 2015, 1 April 2015 and 30 September 2015	18,309
Accumulated impairment losses	
At 31 March 2015, 1 April 2015 and 30 September 2015	18,309
Carrying amount	
At 30 September 2015 (Unaudited)	—
At 31 March 2015 (Audited)	—

14. GOODWILL (CONTINUED)

Goodwill related to the acquisition 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") during the year ended 31 March 2011. On 1 November 2010, LE-Guangxi was licensed to provide computer lottery terminals and related hardware and software and marketing services (the "Related 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-mentioned services to Guangxi Welfare Lottery Issue Centre till 29 October 2015.

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 cash-generating unit engaged in the provision of Related Services in 2012.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

15. INTEREST IN AN ASSOCIATE

The financial information of Greek Mythology is not available since 1 April 2012. 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 2012 was carried forward to 30 September 2015.

16. OTHER RECEIVABLES

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Other receivables	27,983	25,812
Less: impairments	(25,300)	(25,300)
	2,683	512
Due from an associate	82,365	79,965
Loans and receivables	85,048	80,477
Rental and other deposits	2,305	2,307
Prepayments	2,700	3,080
	90,053	85,864

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

17. TRADE AND OTHER PAYABLES

	<i>Note</i>	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Trade payables	a	3,383	1,182
Accruals and other payables		49,078	45,732
Due to related companies	b	156	156
		52,617	47,070

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

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Less than 1 year past due	2,530	329
Over 1 year past due	853	853
	3,383	1,182

- (b) 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 2015

18. 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 in 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 2014 (audited)	166,074
Add: Interests on promissory notes	<u>5,714</u>
At 30 September 2014 (unaudited)	<u>171,788</u>
At 1 April 2015 (audited balance brought forward from 31 March 2015)	177,698
Add: Interests on promissory notes	<u>6,114</u>
At 30 September 2015 (unaudited)	<u>183,812</u>

19. SHARE CAPITAL

	Number of ordinary shares of HK\$0.2 per share	HK\$'000
	'000	HK\$'000
Authorised:		
At 31 March 2015, 1 April 2015 and 30 September 2015	400,000	80,000
Issued and fully paid:		
At 31 March 2015 and 1 April 2015	277,733	55,547
Share issue under placing	25,000	5,000
Exercise of share options	1,200	240
At 30 September 2015	303,933	60,787

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.

In September 2015, the Company issued 25 million subscription shares at a price of HK\$0.64 per share to raise approximately HK\$15.74 million of net proceeds. Totally HK\$5 million was recorded as increase in share capital and the remaining proceeds of approximately HK\$10.74 million was recorded as share premium.

20. 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.

Under the 2012 Scheme, the Directors of the Company 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

20. SHARE OPTION SCHEME (CONTINUED)

2012 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 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 (20,763,279 shares after share consolidation), representing approximately 10% of the shares in issue as at the date of approval of the 2012 Scheme on 12 September 2012.

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.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

20. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

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.

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 on 12 September 2012.

20. SHARE OPTION SCHEME (CONTINUED)**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.

	10 March 2015	3 March 2014	5 February 2013
Fair value at measurement date	HK\$0.480– HK\$0.526	HK\$1.479	HK\$0.072
Share price	HK\$0.84	HK\$1.67	HK\$0.077
Exercise price	HK\$0.87	HK\$1.67	HK\$0.077
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Price Model)	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
Expected dividends	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	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.

20. 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 provider*

The fair value for share options granted on 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 10 March 2015 is measured base on the Binomial Option Pricing Model as described as above.

21. COMMITMENTS

(a) Operating lease commitment

At 30 September 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Within one year	3,182	4,666
In the second to fifth year	—	4,091
	3,182	8,757

The Group is the lessee of a number of properties held under operating leases. The leases typically run for initial period of 1–3 years. The leases do not include extension options and contingent rentals.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015

21. COMMITMENTS (CONTINUED)

(b) Other commitment

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Contracted, but not provided for: Acquisition of a computer software	7,020	—

The Group had commitment in relation to the acquisition of a computer software for its operations in Vanuatu.

22. MATERIAL RELATED PARTY TRANSACTIONS

Directors' emoluments for the six months ended 30 September 2015 are disclosed in Note 8.