



2011-2012
Interim Report

AMAX
Holdings Limited

(Incorporated in Bermuda with limited liability)
(stock code : 959)



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Corporate Information

BOARD OF DIRECTORS

Executive

Ms. Li Wing Sze
Mr. Lau, Dicky
Mr. Ng Chi Keung
Mr. Cheung Nam Chung
(Appointed on 18 July 2011)

Independent Non-executive

Mr. Cheng Kai Tai, Allen
Ms. Deng Xiaomei
Mr. Yoshida Tsuyoshi
Dr. Dingjie Wu
Mr. Fang Ang Zhen
(Retired on 28 September 2011)

COMPANY SECRETARY

Mr. Ng Chi Keung

AUDITORS

CCIF CPA Limited
Certified Public Accountants

LEGAL ADVISERS

Mallesons Stephen Jaques
Michael Li & Co.

CORPORATE GOVERNANCE & ADVISORY CONSULTANT

Wardell & Associates Ltd.
(formerly Horwath Corporate Advisory Services Limited)

STOCK CODE

959

REGISTERED OFFICE

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2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Tower 6, China Hong Kong City,
33 Canton Road, Tsim Sha Tsui,
Kowloon,
Hong Kong

BRANCH SHARE REGISTRAR

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

Chairperson Statement

Dear Shareholders,

We, the board of directors of the Company, are pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 September 2011 ("the period under review"). Amax has had a stable business development during the period under review, with its core investment in Greek Mythology and VIP gaming related businesses and slot machines operation related business.

The Group's outlook for Macau remains positive, particularly with the upcoming infrastructure projects and its optimistic outlook for the Chinese economy. According to the Macau's Gaming Inspection and Coordination Bureau, casinos in Macau generated approximately HK\$194 billion in gaming revenue during the nine months ended 30 September 2011, an increase of approximately 46% as compared to the gaming revenue made during the corresponding period last year, fast expansion and high profitability ensures high earnings visibility and strong investment return for casino operators. We are pleased to have been able to contribute to the success in Macau gaming business.

On 24 October, 2011, the Board appointed Mr. Brian Cheung as the Chief Executive Officer of the Company. Mr. Cheung was the Company's executive Director and Chairman from September 2006, before he retired from the position in September 2010. Mr. Cheung's prior experience and knowledge of the company will certainly ensure that the Company remains focused and optimized for growth.

As of 2011, Macau has already emerged as one of the largest gaming markets in the world. The Group's equity investment in the Greek Mythology successfully changed its market position from mass-market to mid-to-high end and VIP consumers in Mainland China. We are confident that the casino business has been benefited from the strong gaming industry in Macau and is expected to grow continuously in the second half of 2011 and beyond.

Chairperson Statement

On behalf of the Board, I would like to express our appreciation of the hard work and dedication of the management team and staff during the past year. My thanks also goes to my fellow Directors, our business partners, customers, banks and shareholders for their continuous support and trust over the years. In the coming year, the board will continue to work along with the management team, staff and other stakeholders, to overcome all difficulties and create outstanding results.

Deng Xiaomei

Chairperson

29 November 2011

CEO Statement

Dear Shareholders,

During the year, the Group's gaming related business in Macau was impressively rewarded. Through our operational experience in gaming business, we will continue to keep a close watch on development of the gaming industry in Macau and our investment in the industry. In addition, with strong growth in China lottery market and great business opportunities for emerging China high-end leisure and entertainment segment, we are confident to achieve the maximum contribution of profits or investment returns for our shareholders in the coming years.

The global financial recession and Eurozone crisis affecting economies around the world made the operating environment very challenging for the investment projects of the Group. Despite that, our gaming investment projects in Macau still reported success for the year. Same as previous year, our investment approach was clear and precise. And we continue to enjoy leadership in the gaming investment segment in Macau, evidencing the success in our gaming investment strategies.

According to the Ministry of Finance People's Republic of China, the sales of China lottery recorded significant growth in 2011. This level of growth in the face of adversity bodes well for our liquidity and financial position and we are confident that Amax will improve its performance in the years ahead. We believe these developments to deliver a strong growth for the Group in the future.

Through the efforts of our management team, it is our mission to bring maximum shareholder value to you. Thank you the confidence you continue to show in our company. I look forward to sharing with you the ongoing success of the company in the years ahead.

Cheung Nam Chung

Chief Executive Officer

29 November 2011

Management Discussion and Analysis

The board (the "Board") of directors (the "Directors") of Amax Holdings Limited (the "Company") is pleased to report the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011. The unaudited interim results have been reviewed by the Audit Committee of the Company.

FINANCIAL REVIEW

During the six months ended 30 September 2011, the Group's investment was primarily in gaming and entertainment industry of Macau. Its core investment was the equity investment in Greek Mythology and VIP gaming related businesses and slot machines operation related business. The Group also holds some retail shops as investment properties.

The Group had total revenue of HK\$3.5 million for the six months ended 30 September 2011, consisting of revenue from the Group's VIP gaming and slot machines business of HK\$2.4 million and other revenue of HK\$1.1 million.

The Group's net profit for the six months ended 30 September 2011 amounted to HK\$434 million as compared to HK\$256 million for the same period last year. The increase was mainly attributable to the increased profit of the Associate arising from (i) the reversal of impairment loss on the intangible asset; and (ii) substantial increase in share of operating profit from the casino managed by the Associate.

Management Discussion and Analysis

FINANCIAL REVIEW *(CONTINUED)*

An analysis of the Group's consolidated results for the six-month period ended 30 September 2011 and 2010 are as follow:

	Six months ended 30 September	
	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Total Revenue	3,503	46,197
(Addition)/reversal of impairment loss for available-for-sale financial asset	(126)	12,496
Gain on remeasurement of previously held interest in Nanning InterJoy on acquiring control	3,077	—
Selling and distribution and other administrative expenses	(10,773)	(12,298)
(Loss)/profit from operations	(4,319)	46,395
Finance costs	(4,664)	(6,747)
Share of profit of associates	442,976	216,201
Profit for the period	433,993	255,849

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Greek Mythology Casino

The Group owns 49.9% of equity stake in Greek Mythology which is providing management services to Greek Mythology Casino including sales, promotion, advertising, patron referral, patron development and casino activities coordination. Greek Mythology Casino has approximately 60 VIP gaming rooms, and a mid to high-end mass-market gaming floor. Greek Mythology is accounted for as an associate of the Group.

During the 6 months ended 30 September 2011, the Group's share of profit for the 6 months ended 30 September 2011 was HK\$443 million, increased by \$227 million, as compared to HK\$216 million in the same period prior year.

As mentioned in the 2011 Results Announcement, as well as the announcements of the Company dated 7 July 2011 and 19 August 2011, the Board has been informed that the Capitalisation has been completed on 8 November 2010 and as a result the Company's initial holding of 49.9% of the share capital in Greek Mythology (Macau) Entertainment Group Corporation Limited (the "Associate") has been diluted to 24.8%.

The Board has resolved to establish and has constituted an independent Board committee ("IBC") comprising all the independent non-executive directors of the Company to conduct investigations into matters in relation to the Capitalisation, including: (1) seeking legal advices from professional legal advisers in relation to the laws of the Bermuda and Macau (i.e. the place of incorporation of the Company and the Associate respectively) and seeking other legal advices on the legal implications of the Capitalisation and other related matters as necessary; (2) conducting interviews with the relevant directors and senior management of the Company with a view to understanding the relevant factual details and circumstances in relation to the Capitalisation; (3) liaising with the Associate as to actions taken in relation to the Capitalisation; and (4) reviewing the internal corporate governance procedures of the Company, with the support and advice of independent professional consultants.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS *(CONTINUED)*

Greek Mythology Casino *(CONTINUED)*

The Board, including the IBC, considers that the Company is still holding 49.90% in the Associate and has determined to use this percentage to account for the Company's interests in the Associate despite the fact that the Capitalisation has been completed. The Company is still in the progress of conducting commercial negotiations with the Associate as to the Capitalisation.

Investment in VIP Gaming Related Operation and Other Gaming Related Business

The Group, through certain subsidiaries, has invested in the businesses of (i) high-rolling gaming tables, and (ii) slot machines in Macau.

During the six months under review, net contribution from the business was HK\$2.4 million, being the same as last year.

The businesses of high rolling gaming tables and slot machines in Macau underwent changes in the second half of 2010. The Group adjusted the revenue model by taking a more conservative approach for stable returns so as to avoid the associated operating risks.

LE-Guangxi

Through LE Rainbow China Ltd ("LE-China"), a wholly owned subsidiary, the Group acquired 60% equity stake of Nanning Inter-Joy LOTTO Information Service Company Limited ("Nanning Inter-Joy") in Guangxi, China in September 2010, which is a lottery related service company in cooperation with the Welfare Lottery authority of Guangxi. The Guangxi operation distributes a proprietary electronic lottery sales system for its sales location providers, and also will be expanding into self-operated lottery parlors aimed at high-end players.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS *(CONTINUED)*

LE-Guangxi *(CONTINUED)*

Pursuant to the Supplemental Agreement signed on 2 February 2011, the Company's equity interests in Nanning Inter-Joy was increased from 60% to 70%. With effective on 30 May 2011, pursuant to the Supplemental Agreement with other shareholder, the board of directors of Nanning Inter-Joy had undertaken a restructuring exercise, and Nanning Inter-Joy was classified as a subsidiary of the Group.

OUTLOOK

Building on the accomplishments so far, the future developments of the Group will be predominately on gaming business in Asia and lottery related business in China.

Gaming Business in Asia

The Group manages the Greek Mythology Casino in Macau via its 49.9% ownership of Greek Mythology. Greek Mythology is accounted for as an associate of the Group. The Group manages gaming related operations in the Greek Mythology Casino including s casino management services such as sales, promotion, advertising, patron referral, patron development and casino activities coordination. Last year, the Greek Mythology Casino underwent major changes including renovation of the entire three gaming floors and changing its market position from mass-market to VIP, with target customers from mid-to-high end and VIP consumers in Mainland China. These changes have delivered excellent financial results during the period under review, and we expect these positive effects to continue.

Management Discussion and Analysis

OUTLOOK *(CONTINUED)*

Gaming Business in Asia *(CONTINUED)*

The gaming industry in Macau looks to be in strong shape despite tighter credit conditions and slowing growth in China. As reflected in the recent rating upgrades of hotel in Macau, rating agency, Fitch Ratings believes the revenue in gaming industry in Macau will grow by 20% or more against next year, forecasting the Macau gaming market will grow solidly, albeit at a decelerating rate that moving into 2012. According to the Gaming Inspection and Coordination Bureau, the Macau gaming revenues were up by 46% to approximately RMB194 billion during the first nine months of 2011. Macau has leapfrogged Las Vegas and expected to post record-breaking growth.

After Chinese authorities slowed growth of the Macau market through visa restrictions in 2008, additional capacity has been added to the market. Beyond 2013, supply growth should be constrained, as the government has indicated it is likely to limit table growth to 3% annually. This appears to reflect authorities' desire to manage Macau growth and overheating risks through the supply side rather than through travel restrictions on the demand side. This bodes well for the profitability of existing casino operators. Besides the existing business in Macau, the Group is considering expanding or investing in other gaming related business in Asia.

Management Discussion and Analysis

OUTLOOK *(CONTINUED)*

Lottery Related Business in China

With strong growth in China lottery market and great business opportunities for emerging China high-end leisure and entertainment segment, we are confident to see a greater contribution of profits or investment returns to the Group in the coming years.

According to the Ministry of Finance People's Republic of China, the sales of China lottery recorded RMB62.77 billion in the first half of 2011, representing an increase of 21.8% over the same period of last year. The sales of China lottery recorded a significant growth of 33.7% year-on-year to RMB157.7 billion during the first nine months of 2011, while the sales of welfare lottery tickets up 33.6% from one year earlier to RMB91.77 billion.

For the gaming business in Asia and the lottery related business in China, appropriate partnerships with competent and competitive business partners will be crucial for future development. The Company will continue to strive to provide quality and reliable high-end leisure and entertainment services for both mid-to-high and VIP consumers in Mainland China.

Management Discussion and Analysis

INTERIM DIVIDENDS

The Directors do not recommend any interim dividend for the six months ended 30 September 2011 (2010: nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2011, total assets of the Group were HK\$2,199 million (31 March 2011: HK\$1,749 million), comprising non-current assets of HK\$2,093 million (31 March 2011: HK\$1,637 million) and current assets of HK\$106 million (31 March 2011: 111 million) which were financed by shareholders' funds of HK\$1,941 million (31 March 2011: HK\$1,507 million), non-controlling interests of HK\$12 million (31 March 2011: HK\$Nil), current liabilities of HK\$106 million (31 March 2011: HK\$106 million) and non-current liabilities of HK\$140 million (31 March 2011: HK\$136 million).

The Group's current ratio, expressed as current assets over current liabilities was maintained at a level of 1.00 times (31 March 2011: 1.05 times).

The gearing ratio calculated as a ratio of total borrowings to shareholders' funds, was maintained at a low level of 7.2% (31 March 2011: 9%).

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2011, the Group employed a total of approximately 13 (2010: 14) employees in Hong Kong and Macau. The Group is aware of the importance of human resources and always endeavors to retain competent and talented staff with competitive remuneration packages within the general framework of the Group's salary and bonus system, which is determined according to their duties, work experience, performance and the prevailing market practices. The Group has also participated in an approved Mandatory Provident Fund ("MPF") scheme or similar scheme for eligible employees and provides them with a medical scheme. Employees are also rewarded by the Share Option Scheme based on the performance of the Group and individual employees.

FOREIGN EXCHANGE AND CURRENCY RISKS

It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimize currency risks. The Group's principal business are conducted and recorded in Hong Kong dollars and Macau Patacas. As the impact from foreign exchange exposure is minimal, no hedging against foreign currency exposure is necessary.

CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 30 September 2011.

Management Discussion and Analysis

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The carrying value of the available-for-sale financial assets is measured at fair value at Level 2 of fair value hierarchy at the end of the reporting period. There are three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

The fair value of available-for-sale financial asset as at 30 September 2011 was measured using the value-in-use calculation by an independent professional valuer, Grant Sherman Appraisal Limited.

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

- There are a series of litigation and recovery plan in progress against the collaborators at AMA and therefore recovery of the amount is uncertain. As such, the absence of available information and supporting documents from AMA and its collaborators, the Company is unable to assess the total amount that would be received by AMA from the collaborators, and hence, the Repayment Schedules provided by the Company only includes the amounts owed by the collaborators who had signed the Repayment Agreements;

Management Discussion and Analysis

AVAILABLE-FOR-SALE FINANCIAL ASSETS *(CONTINUED)*

- Nil amount will be received from those collaborators with which no Repayment Schedules have been agreed and no Repayment Agreements have been entered into;
- Upon receiving the repayments from the collaborators by AMA, AMA will repay the amount to the Group before settling other liabilities notwithstanding a creditor has taken legal action against AMA for the recovery of debts due by AMA;
- Repayment Schedules and Repayment Agreements entered into between AMA and the collaborators have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Company;
- The collaborators will repay the outstanding amount to AMA according to the Repayment Schedules without default;
- AMA will repay such amounts collected from its collaborators to the Group;
- With reference to the estimated recoverable rate for the amount of recovery of debts due by AMA;
- Discount rate of 19.56%.

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 September 2011, the interests or 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 required to be kept under Section 352 of the SFO, or otherwise as required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Director/ Chief Executive	Number of shares held	Underlying shares held (Note)	Total	Approximate percentage of shareholding
Ms. Li Wing Sze	—	11,000,000	11,000,000	0.26%
Mr. Cheng Kai Tai, Allen	—	2,600,000	2,600,000	0.06%
Mr. Fang Ang Zhen	—	2,600,000	2,600,000	0.06%
Mr. Lau Dicky	128,000	—	—	0.003%
Mr. Cheung Nam Chung	30,000	—	—	0.0007%

Save as disclosed above, as at 30 September 2011, 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 and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

Note: Details in the section headed "Share Options Scheme" below.

Other Information

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures" above, at no time during the year 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 year under review.

SUBSTANTIAL SHAREHOLDER

As at 30 September 2011, the register of interests and short position in the shares and underlying shares of the Company kept under section 336 of the SFO showed that, the following shareholders had an interest of 5% or more in the issued share capital of the Company.

Name of Shareholders	Number of Shares	Approximate percentage of shareholding
Mr. Ng Man Sun (<i>Note 1</i>)	1,006,147,335	24.23%

Note:

1. These Shares in which Mr. Ng Man Sun is interested in comprise (i) 1,000,000,000 Shares being personal interest; and (ii) 6,147,335 Shares being interest held by East Legend Holdings Limited, Mr. Ng Man Sun is interested in the entire issued share capital of East Legend Holdings Limited, and he is deemed to be interested in the 6,147,335 Shares held by East Legend Holdings Limited.

SUBSTANTIAL SHAREHOLDER *(CONTINUED)*

Save as disclosed above, as at 30 September 2011, no other person/company had any personal, family, corporate or other beneficial interests or short positions in the shares or underlying shares in the Company which would fall to be, disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and as recorded in the register of the Company.

SHARE OPTIONS

The Company's share option scheme (the "Share Option Scheme") was adopted on 12 August 2002 with a purpose to recognize the contribution of certain employees, directors, executives or officers, suppliers, consultants and agents of the Group to the growth of the Group.

The Share Option Scheme is valid for a period of 10 years commencing from 12 August 2002. There are no share options under the Share Option Scheme were granted during the six months period ended 30 September 2011 and there were 25,200,000 share options outstanding as at 30 September 2011.

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

There was no purchase, redemption or sale by the Company nor any of its subsidiaries of the Company's listed securities during the period ended 30 September 2011.

AUDIT COMMITTEE

The Company has an Audit Committee which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises with four Independent Non-executive Directors.

The interim results of the Group for the period under review have been reviewed by the Audit Committee.

Other Information

REMUNERATION COMMITTEE

The Remuneration Committee comprises two Independent Non-executive Directors and one Executive Director. The Remuneration Committee was established with specific written terms of reference and is principally responsible for reviewing and approving remuneration package for Directors and officers. No Director or officer will determine his own remuneration.

NOMINATION COMMITTEE

The Nomination Committee comprises four Independent Non-executive Directors. The Nomination Committee was established with specific written terms of reference and is principally responsible for reviewing and approving nominations of Directors to the board and the Chair.

The Nomination Committee must take into consideration the various rules on independence of the Board in relation to the Company, its senior management and major shareholders, in accordance with the requirements of the Code of Corporate Governance.

EXECUTIVE COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Throughout the underlying period, the Model Code for Securities Transactions by Directors of Listed Issuers ("Securities Code") had been taken as the Company's code of conduct regarding Directors' securities trading. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the Securities Code throughout the underlying period.

CORPORATE GOVERNANCE

The Group continues to commit itself to maintaining a high standard of corporate governance with an emphasis on enhancing transparency and accountability and ensuring the application of these principles within the Group and thereby, enhancing shareholder value and benefiting our stakeholders at large. To enhance existing governance structure in view of the continuing operational developments in the Company, Wardell & Associates Limited had been appointed to perform regular review on the corporate governance.

During the period under review, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the period ended 30 September 2011 with the exception of certain deviation as further explained below:

Code Provision A.4.1 provides the Non-executive Directors should be appointed for a specific term, and subject to re-election.

None of the existing and Independent Non-executive Director of the Company is appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, all Independent Non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. The Company has also received the confirmation of independence from each Independent Non-executive Director and has grounds to believe that they are independent of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code Provision.

Code Provision B.1.1 provides a majority of the remuneration committee should be independent non-executive directors.

Other Information

CORPORATE GOVERNANCE *(CONTINUED)*

Since the retirement of Mr. Fang Ang Zhen, a former independent non-executive Director at the Annual General Meeting on 28 September 2011, only one executive Director and one independent non-executive Director remained in the remuneration committee. On 30 September 2011, Mr. Yoshida Tsuyoshi, an independent non-executive Director, was appointed as a member of the remuneration committee to fill the vacancy. No resolution was made in relation to remuneration of directors and officers during such period.

REVIEW OF RESULT

The Group's unaudited condensed consolidated results for the six months ended 30 September 2011 have been reviewed by the Audit Committee of the Company.

On behalf of the Board
Deng Xiaomei
Chairperson

Hong Kong, 29 November 2011

Condensed Consolidated Income Statement

For the six months ended 30 September 2011
(Expressed in Hong Kong dollars)

**Six months ended
30 September**

	<i>Note</i>	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Turnover	4	2,410	2,398
Cost of sales		(20)	—
Gross profit		2,390	2,398
Other revenue	5	1,113	43,799
Gain on remeasurement of previously held interest in Nanning Inter-Joy on acquiring control		3,077	—
(Addition)/reversal of impairment loss for available-for-sale financial asset	15	(126)	12,496
Selling and distribution expenses		(385)	(883)
General and administrative expenses		(10,388)	(11,415)
(Loss)/profit from operations	6	(4,319)	46,395
Finance costs	8	(4,664)	(6,747)
Share of profit of associates	14	442,976	216,201
Profit before taxation		433,993	255,849
Income tax	9	—	—
Profit for the period		433,993	255,849

Condensed Consolidated Income Statement

For the six months ended 30 September 2011
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
		2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
<i>Note</i>			
Attributable to:			
	Owners of the Company	434,296	255,849
	Non-controlling interests	(303)	—
		433,993	255,849
Profit for the period			
Earnings per share			
	— basic	HK10.46 cents	HK6.72 cents
	— diluted	HK10.46 cents	HK6.72 cents

The accompanying notes form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2011
(Expressed in Hong Kong dollars)

**Six months ended
30 September**

<i>Note</i>	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
	433,993	255,849
	—	—
	433,993	255,849
Total comprehensive income attributed to:		
Owners of the Company	434,296	255,849
Non-controlling interests	(303)	—
	433,993	255,849

The accompanying notes form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2011

(Expressed in Hong Kong dollars)

		30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Audited
	<i>Note</i>		
Non-current assets			
Fixed assets	12		
— Investment properties		4,140	4,140
— Other property, plant and equipment		1,990	1,661
		6,130	5,801
Intangible assets		21,324	18,410
Goodwill	13	30,265	18,309
Interest in associates	14	2,004,541	1,563,976
Other financial asset	15	30,810	30,936
		2,093,070	1,637,432
Current assets			
Trade and other receivables	16	68,009	79,231
Cash and cash equivalents		37,601	32,026
		105,610	111,257
Current liabilities			
Trade and other payables	17	(105,863)	(106,431)
		(105,863)	(106,431)

Condensed Consolidated Statement of Financial Position

At 30 September 2011
(Expressed in Hong Kong dollars)

	30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Audited
<i>Note</i>		
Net current (liabilities)/ assets	(253)	4,826
Total assets less current liabilities	2,092,817	1,642,258
Non-current liabilities		
Promissory notes	18 (140,232)	(135,568)
NET ASSETS	1,952,585	1,506,690
CAPITAL AND RESERVES		
Share capital	19 41,527	41,527
Share premium and reserves	1,899,459	1,465,163
Total equity attributable to owners of the Company	1,940,986	1,506,690
Non-controlling interests	11,599	—
TOTAL EQUITY	1,952,585	1,506,690

The accompanying notes form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Contribution surplus HK\$'000	Capital reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Sub-total HK\$'000		Non- controlling interest HK\$'000
At 1 April 2010 (Audited)	38,060	279,632	(22,470)	2,180,026	9,705	(2,192,321)	254,572	—	292,632
Total comprehensive income for the period	—	—	—	—	—	255,849	255,849	—	255,849
Equity settled share-based transactions	—	—	—	—	718	—	718	—	718
Share options forfeited during the period	—	—	—	—	(3,214)	3,214	—	—	—
At 30 September 2010 (Unaudited)	38,060	279,632	(22,470)	2,180,026	7,209	(1,933,258)	511,139	—	549,199
At 1 April 2011 (Audited)	41,527	324,160	(22,470)	2,180,026	6,577	(1,023,130)	1,465,163	—	1,506,690
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	11,902	11,902
Total comprehensive income for the period	—	—	—	—	—	434,296	434,296	(303)	433,993
At 30 September 2011 (Unaudited)	41,527	324,160	(22,470)	2,180,026	6,577	(588,834)	1,899,459	11,599	1,952,585

The accompanying notes form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2011
(Expressed in Hong Kong dollars)

	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Net cash generated from operating activities	4,245	17,325
Net cash generated from/(used in) investing activities	1,330	(355)
Net cash used in financing activities	—	(107)
Net increase in cash and cash equivalents	5,575	16,863
Cash and cash equivalents as at 1 April	32,026	16,547
Cash and cash equivalents as at 30 September	37,601	33,410

The accompanying notes form part of these condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

1. BASIS OF PREPARATION

a) Statement of compliance

This condensed consolidated interim financial information for the six months ended 30 September 2011 comprises Amax Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”). This condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standards (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2011, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2012. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

1. BASIS OF PREPARATION *(CONTINUED)*

a) Statement of compliance *(CONTINUED)*

This condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 31 March 2011. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs").

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

b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the six months ended 30 September 2011 comprise the Company and its subsidiaries and the Group's interests in associates.

The board of directors of the Company has been informed that a capitalisation of a shareholder's loan owed by the associate to one of its shareholders other than the Company, by issuing new shares to such shareholder ("Capitalisation") has been completed near the end of 2010. The Company's initial holding of 49.9% of the share capital of the associate has been diluted to 24.8% as a result of the capitalisation.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

1. BASIS OF PREPARATION *(CONTINUED)*

b) Basis of preparation of the consolidated financial statements *(CONTINUED)*

The Board has resolved to establish and has constituted an independent board committee comprising all of the independent non-executive directors of the Company to conduct investigations into matters in relation to the Capitalisation including:

- seeking legal advices from professional legal advisers in relation to the laws of Bermuda and Macau and seeking other legal advices in the legal implications of the Capitalisation and other related matters;
- liaising with the relevant directors and senior management of the Company with a view to understand all relevant factual details and circumstances in relation to the Capitalisation;
- liaising with the associate as to actions taken in relation to the Capitalisation; and
- reviewing the internal corporate governance procedures of the Company, with the support and advice of independent professional consultants.

The board of directors of the Company, including the independent board committee, is of the view that the Company is still holding 49.9% in this associate and determined to use this percentage to account for the interest in this associate in accordance with the policy despite of the fact that the Capitalisation has been completed.

The work of independent board committee is still in progress up to the date of the issuance of the condensed consolidated interim financial information.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except as otherwise set out in the accounting policies.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new or revised HKFRSs, which term collectively includes HKASs and interpretations, that are first effective or available for early adoption for accounting periods beginning on or after 1 April 2011. The equivalent new or revised HKFRSs, which term collectively includes HKASs and Interpretations, consequently issued by HKICPA as a result of these developments have the same effective date as those issued by the HKICPA and are consistent with the pronouncements issued by the HKICPA.

These developments have had no material impact on the Group's financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

2. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 March 2012 may be affected by the issuance of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial report. Therefore the policies that will be applied in the Group's financial statements for the year ending 31 March 2012 cannot be determined with certainty at the date of issuance of the interim financial report.

3. SEGMENT REPORTING

As over 90% of the Group's turnover, results and assets are derived from a single business segment which is investment in gaming and entertainment related business, no business segment information is presented.

a) Major customers

No analysis of the Group's turnover and contribution from operations by major customers has been presented as there are no transactions with a single external customer equal to or greater than 10% of the Group's total revenues.

b) Revenue from major products and services

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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

3. 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, goodwill and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which services were provided or revenue generated. The geographical location of the specified non-current assets is based on the physical location and operation of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated in the case of intangible assets and goodwill and the location of operations, in the case of interests in associates.

	Hong Kong (place of domicile) HK\$'000	Macau HK\$'000	PRC HK\$'000	Total HK\$'000
For the six months ended 30 September 2011 (unaudited)				
Segment revenue	—	2,400	10	2,410
Revenue from external customers	—	2,400	10	2,410
At 30 September 2011 (unaudited)				
Specified non-current assets	5,368	2,022,566	34,326	2,062,260
For the six months ended 30 September 2010 (unaudited)				
Segment revenue	—	2,398	—	2,398
Revenue from external customers	—	2,398	—	2,398
At 31 March 2011 (audited)				
Specified non-current assets	5,801	1,579,792	20,903	1,606,496

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

4. TURNOVER

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

		Six months ended 30 September	
	<i>Note</i>	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Revenue from investments in gaming and entertainment related business			
— Investment in Junket related operation	a	—	—
— Investment in VIP gaming related operation	b	1,800	1,895
— Investment in slot machine related operation	c	600	503
— Provision of services to Guangxi Welfare Lottery Authority	d	10	—
		2,410	2,398

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

4. TURNOVER *(CONTINUED)*

a) Investment in Junket related operation

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

	Six months ended 30 September	
	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Commission from the Altira Macau Casino	—	5,435
Other income	7,521	1
	7,521	5,436
Operating expenses		
Staff costs	(7,033)	(7,702)
Administrative expenses	(1,125)	(2,149)
	(8,158)	(9,851)
Deficit from Junket related operation	(637)	(4,415)
Distribution under Second Profit Transfer Agreement	127	883
Loss attributable to the Group [#]	(510)	(3,532)
Revenue from investment in Junket related operation	—	—

[#] According to the First Profit Transfer Agreement, Ace High Limited only shared the distributed profit from AMA International Limited ("AMA"). Since AMA did not have distributable profit for the period, no distributable profit was shared for the period ended 30 September 2011 and 2010.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

4. TURNOVER *(CONTINUED)*

b) Investment in VIP gaming related operation

	Six months ended 30 September	
	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Share of net gaming wins	—	12,800
Monthly income	1,800	—
Operating expenses		
Commission to collaborators	—	(10,432)
Contribution from Gaming Tables	1,800	2,368
Net win shared by the Greek Mythology Casino	—	(473)
Net contribution attributable to the Group	1,800	1,895

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

4. TURNOVER *(CONTINUED)*

c) Investment in slot machine related operation

	Six months ended 30 September	
	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Share of net gaming win	—	503
Monthly income	600	—
	600	503

d) Provision of services to Guangxi Welfare Lottery Authority

The income is generated from Nanning InterJoy LOTTO Information Service Co. Ltd. which is classified from the associate to the subsidiary beginning on 30 May 2011. The details are set out in note 14.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

5. OTHER REVENUE

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

	Six months ended 30 September	
	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Interest income from loans to promissory note holders	—	1,374
Rental income	108	108
Gain on fair value upon loan receivables offset against the promissory notes [#]	—	42,317
Reversal of impairment loss on other receivable	1,000	—
Sundry income	5	—
	1,113	43,799

[#] During the year ended 31 March 2009, the Company entered into two loan agreements separately with two independent promissory note holders (the "Holders") in which the Company granted loans totaling of HK\$55,000,000 to the Holders. The loans bear interest at 8% per annum and were to mature on 31 August 2009. The loans were secured by the promissory notes with a total face value of HK\$150,000,000.

The Holders did not repay the principal and interests of the loans upon the maturity date. On 23 July 2010, the Company and the Holders entered into agreements agreeing that promissory notes with a face value of HK\$150,000,000 were to be utilized to offset the loans. The excess amount over the loans receivable and accrued loan interest was recognized as other revenue in the consolidated income statement.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

6. (LOSS)/PROFIT FROM OPERATIONS

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

a) Staff costs

	Six months ended 30 September	
	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Equity-settled share-based payment expenses	—	718
Salaries, wages and other benefits	4,685	5,340
Contributions to defined contribution retirement plans	140	93
	4,825	6,151

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

6. (LOSS)/PROFIT FROM OPERATIONS *(CONTINUED)*

b) Other items

	Six months ended 30 September	
	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Depreciation of property, plant and equipment	541	813
Amortisation of intangible assets	385	385
Auditor's remuneration		
— audit services	—	—
— other services	258	150
Operation lease charges in respect of premises:		
— minimum lease payments	562	1,261
Gross rental income from investment properties less direct outgoings of HK\$26,000 (2010: HK\$35,000)	(82)	(73)

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

7. DIRECTORS' EMOLUMENTS

The summary of directors' remuneration is as follows:

For the six months ended 30 September 2011

	Directors' fee HK\$'000 Unaudited	Salaries, allowances and benefits-in-kind HK\$'000 Unaudited	Discretionary bonuses HK\$'000 Unaudited	Retirement scheme contributions HK\$'000 Unaudited	Equity-settled share-based payments HK\$'000 Unaudited	Total HK\$'000 Unaudited
Executive directors	–	1,066	–	90	–	1,156
Independent non-executive directors	443	–	–	–	–	443
	443	1,066	–	90	–	1,599

For the six months ended 30 September 2010

	Directors' fee HK\$'000 Unaudited	Salaries, allowances and benefits-in-kind HK\$'000 Unaudited	Discretionary bonuses HK\$'000 Unaudited	Retirement scheme contributions HK\$'000 Unaudited	Equity-settled share-based payments HK\$'000 Unaudited	Total HK\$'000 Unaudited
Executive directors	–	1,757	–	13	28	1,798
Non-executive director	136	–	–	–	–	136
Independent non-executive directors	173	–	–	–	59	232
	309	1,757	–	13	87	2,166

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

8. FINANCE COSTS

	Six months ended 30 September	
	2011 HK\$'000 Unaudited	2010 HK\$'000 Unaudited
Interest on other borrowings	—	107
Interest on promissory notes	4,664	6,640
Total interest expenses on financial liabilities not at fair value through profit or loss	4,664	6,747

9. INCOME TAX

- a) No provision for Hong Kong profits tax and overseas income tax has been made as the Group had no estimated assessable profits for the six months ended 30 September 2011 and 2010.
- b) **Deferred taxation not recognised**

There was no material unprovided deferred taxation. The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK\$1 million (31 March 2011: HK\$1 million) as it is not probable that future taxable profits against which tax losses can be utilised will be available in the relevant tax jurisdiction and the entity. The tax losses do not expire under current tax legislation.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

10. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2011 (2010: HK\$nil).

11. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of the basic earnings per share is based on the unaudited profit attributable to owners of the Company of approximately HK\$434,296,000 (2010: HK\$255,849,000) and the weighted average number of 4,152,656,000 ordinary shares (2010: 3,805,989,000 ordinary shares) in issue during the period.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

11. EARNINGS PER SHARE *(CONTINUED)*

b) Diluted earnings per share

For the six months ended 30 September 2011, the calculation of diluted earnings per share is based on the profit attributable to owners of the Company of approximately HK\$434,296,000 (2010: HK\$255,849,000) and the weighted average number of 4,152,656,000 ordinary shares (2010: 3,808,190,000 ordinary shares) calculated as follows:

	2011 '000 Unaudited	2010 '000 Unaudited
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,152,656	3,805,989
Effect of deemed issue of shares under Company's share option scheme for nil consideration	—	2,201
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	4,152,656	3,808,190

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

12. FIXED ASSETS

During the six months ended 30 September 2011, the Group acquired fixed assets having a total cost of HK\$870,000 (six months ended 30 September 2010: HK\$355,000).

13. GOODWILL

	HK\$'000
Cost	
At 31 March 2011 and 1 April 2011	18,309
Arising on acquisition up to 70% equity interest in Nanning Inter-Joy	11,956
	<hr/>
At 30 September 2011	30,265
	<hr/>
Accumulated impairment losses	
At 31 March 2011 and 1 April 2011	—
Impairment loss for the year	—
	<hr/>
At 30 September 2011	—
	<hr/>
Carrying amount	
At 30 September 2011	30,265
	<hr/>
At 31 March 2011	18,309
	<hr/>

At 31 March 2011, the goodwill relates to the acquisition of 100% equity interest in Le Rainbow China Limited which directly held 60% equity interest in Nanning Inter-Joy during the year ended 31 March 2011.

At 30 September 2011, the goodwill relates to the acquisition up to 70% equity interest in Nanning Inter-Joy during the six months ended 30 September 2011.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

13. GOODWILL (CONTINUED)

The goodwill is associated with the Group's cash generating unit ("CGU") in relation to gaming and entertainment related business. The goodwill is attributable to the development potential of the acquired business that is expected to bring to the Group because of the relationship with Guangxi Welfare Lottery Authority and the assembled workforce of Nanning Inter-Joy.

14. INTEREST IN ASSOCIATES

- a) The followings are the particulars of the associates of the Group for the six months ended 30 September 2011, which is an unlisted corporate entity:

Name of associates	Place of incorporation/ operation	Issued and fully paid-up/registered share capital	Proportion of ownership in interest held by the Company		Principal activities
			Directly	Indirectly	
Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology")	Macau/Macau	4,851 ordinary shares of MOP1,000 each/4,851 ordinary shares of MOP1,000 each	49.9% (note ii)	—	Provision of casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination
Nanning Inter-Joy LOTTO Information Service Co. Ltd. ("Nanning Inter-Joy") (note ii) [Became the subsidiary of the Group on 30 May 2011 (note iii)] 南寧樂彩互動信息服務有限公司["南寧樂彩"]	PRC/PRC	Paid up capital of HK\$6,430,000	—	60%	Provision of software, hardware, transmission network and distribution marketing service to Guangxi Welfare Lottery Authority

Notes:

- i. The authorised and issued share capital of Greek Mythology was increased on 30 October 2010 and the Group's equity interest in Greek Mythology was diluted to 24.8%. In the opinion of the director of the Company, the Company is still holding a 49.9% interest in Greek Mythology and the Company can still exercise significant influence.
- ii. The English name is for identification purpose only.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

14. INTEREST IN ASSOCIATES *(CONTINUED)*

a) The followings are the particulars of the associates of the Group for the six months ended 30 September 2011, which is an unlisted corporate entity: *(CONTINUED)*

- iii. Nanning InterJoy LOTTO Information Service Co. Ltd. ("Nanning InterJoy") was established in the PRC on 17 September 2010 as a sino-foreign equity joint venture with a registered capital of HK\$1,930,000 and with an operating period of 10 years from 17 September 2010 to 16 September 2020. In May 2011, additional registered capital of HK\$4,500,000 was injected and total registered capital of Nanning InterJoy is HK\$6,430,000.

In the opinion of the directors of the Company, prior to 30 May 2011, though the Group is holding a 60% interest in Nanning InterJoy, the Group is not in a position to control its board of directors and to govern its financial and operating policy decisions. The directors of the Company considered that it is appropriate to classify it as an associate of the Group.

Pursuant to the Supplemental Agreement, the Company's equity interests in Nanning InterJoy was increased from 60% to 70%. With effective on 30 May 2011, pursuant to the Supplemental Agreement with other shareholder, the board of directors of Nanning InterJoy had undertaken a restructuring exercise, and the number of directors of Nanning InterJoy had been increased from three to five. The Group could appoint three directors in the board beginning on 30 May 2011 and in the opinion of the directors of the Company, the Group can control Nanning InterJoy and classify Nanning InterJoy as a subsidiary of the Group.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

14. INTEREST IN ASSOCIATES *(CONTINUED)*

c) Impairment of intangible asset of the associate

The intangible asset of the associate refers to a right of sharing a percentage of net-win of Greek Mythology Casino for casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination provided to Sociedade De Jogos De Macau, S.A (the "gaming Operator") which owns one of the gaming concessions in Macau for a period of 14 years from 1 April 2006. The management of the Group reviewed internal and external information relating to the gaming operations of Greek Mythology Casino to identify the recoverable amount of the intangible asset as well as indications as to whether impairment should be added or reversed.

In considering the recoverable amount and the impairment, the management of the Group took into account that Greek Mythology Casino is (i) reconfiguring and upgrading its main gaming spaces; (ii) expanded its VIP clientele and capturing the more profitable segment; and (iii) creating a variety of incentive programs for the purpose of promoting the business and efficiency resulting in improved profit stream.

The recoverable amount of the above intangible asset is determined based on value-in-use calculation. These calculations use cash flow projections based on financial budgets approved by the management covering a four-year period, and cash flows for the following five years (2010: six years) are extrapolated using the estimated rates stated below.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

14. INTEREST IN ASSOCIATES (CONTINUED)

c) Impairment of intangible asset of the associate (CONTINUED)

Key assumptions used for value-in-use calculations:

	2011
	%
— Growth in revenue year-on-year	0
— Discount rate	15.09

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

The above value-in-use calculations as at 30 September 2011 were contained in a report based on a valuation carried out by an independent professional valuer, Grant Sherman Appraisal Limited with recent experience in conducting business and intangible assets valuation in gaming and entertainment industry in Macau.

Based on aforesaid valuations, the carrying amount of the intangible assets as at 30 September 2011 is lower than its recoverable amount, and the management considered that a reversal of impairment loss of approximately HK\$545,895,000 (2010: HK\$361,451,000) is necessary at the associate level. The Group's share of reversal of impairment loss of the intangible asset of HK\$272,402,000 (2010: impairment loss of HK\$180,364,000) is included in the share of result of an associate in the consolidated income statement for the six months ended 30 September 2011.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

15. OTHER FINANCIAL ASSET

	HK\$'000
Available-for-sale financial asset, at fair value	
At 1 April 2011 (audited)	30,936
Add: Impairment loss	(126)
At 30 September 2011 (unaudited)	30,810

Impairment assessment:

As at 30 September 2011, in view of (1) the business cooperation mode between AMA and the Gaming Operator in Macau since 2009; (2) financial difficulties of AMA and its failure to recover the credit granted to the collaborators; (3) the financial position and the junket related business of AMA; and (4) the effect of one of the collaborators did not repaid the loans to AMA in accordance with the Repayment Agreements, the directors of the Company review internal and external sources of information in respect of the fair value of the available-for-sale financial assets and made further impairment allowance of HK\$126,000.

The fair value of available-for-sale financial assets as at 30 September 2011 was measured using the value-in-use calculation by an independent professional valuer, Grant Sherman Appraisal Limited.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

15. OTHER FINANCIAL ASSET *(CONTINUED)*

Impairment assessment: *(CONTINUED)*

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

- There are a series of litigation and recovery plan in progress against the collaborators at AMA and therefore recovery of the amount is uncertain. As such, the absence of available information and supporting documents from AMA and its collaborators, the Company is unable to assess the total amount that would be received by AMA from the collaborators, and hence, the Repayment Schedules provided by the Company only includes the amounts owed by the collaborators who had signed the Repayment Agreements and cash will received in accordance with Repayment Schedule;
- Nil amount will be received from those collaborators with which no Repayment Schedules have been agreed and no Repayment Agreements have been entered into;
- Repayment Schedules and Repayment Agreements entered into between AMA and the collaborators have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Company;
- The collaborators will repay the outstanding amount to AMA according to the Repayment Schedules without default;
- AMA will repay such amounts collected from its collaborators to the Group
- With reference to the estimated recoverable rate for the amount of recovery of debts due by AMA;
- A discount rate of 19.56 %.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

16. TRADE AND OTHER RECEIVABLES

	30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Audited
Trade receivables from AMA <i>(note (a) and (b))</i>	468,294	470,794
Less: impairment	(468,294)	(468,294)
	—	2,500
Other receivables	25,800	26,800
Less: impairment	(25,800)	(26,800)
	—	—
Due from an associate	66,058	75,077
Loans and receivable	66,058	77,577
Rental and other deposits	429	393
Prepayment	1,522	1,261
	68,009	79,231

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

16. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

a) Ageing analysis

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

	30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Audited
Current	—	—
Over 1 year past due	468,294	470,794
	468,294	470,794

b) Trade receivables that are not impaired

The ageing analysis of trade receivable that are neither individually nor collectively considered to be impaired are as follows:

	30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Audited
Past due but not impaired	—	2,500

The Group does not hold any collateral over these balances.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

17. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables at the respective statement of financial position is as follows:

	30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Unaudited
Trade payables		
After 3 months	853	853
Other payables	105,010	105,578
	105,863	106,431

18. PROMISSORY NOTES

In 2006, the Company issued promissory notes to directors of an associate 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 that associate.

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

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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

18. PROMISSORY NOTES (CONTINUED)

	HK\$'000
At 1 April 2010 (audited)	
Add: interest on promissory note	226,726
Less: offset by loan receivables waived	6,640
	<u>(102,307)</u>
At 30 September 2010 (unaudited)	<u>131,059</u>
At 1 April 2011 (audited)	135,568
Add: Interest on promissory note	4,664
	<u>140,232</u>
At 30 September 2011 (unaudited)	<u>140,232</u>

19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2011 and 30 September 2011	<u>8,000,000</u>	<u>80,000</u>
Issued and fully paid:		
At 31 March 2011 (audited) and 30 September 2011 (unaudited)	<u>4,152,656</u>	<u>41,527</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

20. SHARE OPTIONS SCHEME

The Company has a share option scheme which was adopted on 12 August 2002 whereby the Directors of the Company are authorised, at their discretion, 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 options give the holder the right to subscribe for ordinary shares in 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.

- a) The terms and conditions of the grants that existed during the six months ended 30 September 2011 are as follows, whereby all options are settled by physical delivery of shares:

	Exercise price HK\$	Number of Shares issuable under options granted	Vesting conditions	Contractual life of options
Options granted to directors:				
– on 28 January 2008	0.7360	2,200,000	Immediately vested	10 years
– on 28 January 2008	0.7360	1,650,000	One year from the date of grant	10 years
– on 28 January 2008	0.7360	1,650,000	Two years from the date of grant	10 years
– on 23 April 2009	0.1930	3,000,000	One year from the date of grant	10 years
– on 12 May 2009	0.2290	7,700,000	One year from the date of grant	10 years
		16,200,000		
Options granted to employees:				
– on 28 January 2008	0.7360	3,600,000	Immediately vested	10 years
– on 28 January 2008	0.7360	2,700,000	One year from the date of grant	10 years
– on 28 January 2008	0.7360	2,700,000	Two years from the date of grant	10 years
		9,000,000		
Total shares issuable upon options granted		25,200,000		

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

20. SHARE OPTIONS SCHEME (CONTINUED)

- b) The particulars of the movement of the Company's share options during the six months ended 30 September 2011 is as follows:

Directors and eligible employees	No of share options ('000)				At 30 September 2011	Date of grant	Exercise periods
	At 1 April 2011	Granted during the period	Exercised during the period	Lapsed during the period			
Directors							
Immediately vested	2,200,000	–	–	–	2,200,000	28/1/2008	28/1/2008–27/1/2013
One year from the date of grant	1,650,000	–	–	–	1,650,000	28/1/2008	28/1/2009–27/1/2013
Two years from the date of grant	1,650,000	–	–	–	1,650,000	28/1/2008	28/1/2010–27/1/2013
One year from the date of grant	3,000,000	–	–	–	3,000,000	23/4/2009	23/4/2010–22/4/2019
One year from the date of grant	7,700,000	–	–	–	7,700,000	12/5/2009	12/5/2010–11/5/2019
	<u>16,200,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>16,200,000</u>		
Eligible Employees							
Immediately vested	3,600,000	–	–	–	3,600,000	28/1/2008	28/1/2008–27/1/2013
One year from the date of grant	2,700,000	–	–	–	2,700,000	28/1/2008	28/1/2009–27/1/2013
Two years from the date of grant	2,700,000	–	–	–	2,700,000	28/1/2008	28/1/2010–27/1/2013
	<u>9,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,000,000</u>		
Total number of shares issuable under options	25,200,000	–	–	–	25,200,000		

Note:

The vesting periods of the above options are from the date of the options granted until the commencement of the exercise period.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

21. OPERATING LEASE COMMITMENTS

At 30 September 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 September 2011 HK\$'000 Unaudited	31 March 2011 HK\$'000 Unaudited
Within one year	1,125	1,125
In the second to fifth year	1,406	1,969
	2,531	3,094

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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

22. ACQUISITION OF A SUBSIDIARY

Nanning InterJoy became the subsidiary of the Group with effective on 30 May 2011. The details are set out on note 14. The Group recognised a gain of HK\$3,077,000 on remeasurement of its 60% equity interest in Nanning InterJoy held prior to the acquisition date. The transactions enabled the Company to acquire control of Nanning InterJoy and as a result to consolidate Nanning InterJoy's financial result and cash flows.

	HK\$'000
Purchase consideration — capital injection for further 10% equity interest	3,343
Non-controlling interests	11,902
Fair value of previously held interest in Nanning InterJoy	23,804
	<u>39,049</u>
	Fair value
	HK\$'000
Plant and equipment	762
Intangible asset	3,299
Prepayment, deposits and other receivables	717
Inventory	23
Cash and cash equivalents	4,691
Trade and other payables	(708)
	<u>8,784</u>
Net identifiable assets	8,784
Goodwill	30,265
	<u>39,049</u>
Consideration settled in cash	3,343
Cash and cash equivalents acquired	(4,691)
	<u>1,348</u>
Net cash inflow	1,348

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

22. ACQUISITION OF A SUBSIDIARY *(CONTINUED)*

The Group has chosen to recognise the non-controlling interest at fair value.

The goodwill is attributable to the development potential of the acquired business that is expected to bring to the Group because of the relationship with Guangxi Welfare Lottery Authority and the assembled workforce of Nanning Inter-Joy.

The acquired business contributed revenue of HK\$10,000 and net loss of HK\$1,009,000 to the Group for the period from 30 May 2011 to 30 September 2011. If the acquisition had occurred on 1st April 2011, consolidated revenue and consolidated net loss for the year ended 30 September 2011 would have been increased by HK\$1,000 and HK\$306,000 respectively.

23. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the six months ended 30 September 2011.

Remuneration for key management personnel is the amounts paid to the Company's Directors as disclosed in Note 7.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2011

24. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 MARCH 2012

Up to the date of issue of the interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 March 2012 and which have not been adopted in the interim financial report.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 7, Financial Instruments Disclosures: transfers of financial assets	1 July 2011
Amendments to HKAS 1, Presentation of Financial Statements	1 July 2013
HKFRS 10, Consolidated Financial Statements	1 January 2013
HKFRS 11, Joint Arrangements	1 January 2013
HKFRS 12, Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13, Fair Value Measurement	1 January 2013
HKAS 27, Separate Financial Statements	1 January 2013
HKAS 28, Investments in Associates and Joint Ventures	1 January 2013
HKFRS 9, Financial Instruments	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations are expected to be in the period of initial application. So far the Group has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.