



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

(Incorporated in Bermuda with limited liability)

Stock Code: 959



Interim Report
2014/15

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Corporate Information

BOARD OF DIRECTORS

Executive

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

Ms. Ng Wai Yee

Independent Non-executive

Ms. Yeung Pui Han, Regina

Mr. Li Chi Fai

Ms. Sie Nien Che, Celia

AUDIT COMMITTEE

Mr. Li Chi Fai *(Chairman)*

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

COMPLIANCE COMMITTEE

Ms. Ng Wai Yee *(Chairman)*

Mr. Li Chi Fai

Mr. Wong Sze Lok

(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

CCIF CPA Limited

LEGAL ADVISER

Robert C. C. Ip & Co

COMPLIANCE ADVISER

South China Capital Limited

INVESTOR RELATIONS CONSULTANT

Cornerstones Communications Ltd.

STOCK CODE

959

BRANCH SHARE REGISTRAR

Tricor Secretaries Limited

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Wanchai, Hong Kong

REGISTERED OFFICE

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Hamilton HM11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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The Center

99 Queen's Road Central

Central, Hong Kong

Management Discussion and Analysis

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 2014 (the “Period Under Review”). The unaudited interim results have been reviewed by the Audit Committee of the Company.

Financial review

The Group is principally engaged in investments in high-end gaming and entertainment related business. The first six months of the financial year saw significant progress in the Company’s continuous efforts in consolidating its business resources and diversifying its investment geographically.

Turnover of the Group was approximately HK\$2.44 million for the Period Under Review, as compared to approximately HK\$2.53 million for the corresponding period last year. During the Period Under Review, the Group’s main sources of income was the income from VIP gaming and slot machine related operations.

During the Period Under Review, the Group recorded a loss of approximately HK\$18.40 million compared to a loss of approximately HK\$16.10 million for the corresponding period in 2013. The increase in loss was mainly attributable to the increase in general and administrative expenses and finance costs during the Period Under Review.

Equity fund-raising activities

In August 2014, the Company entered into a placing and subscription agreement with a subscriber and a placing agent pursuant to which the placing agent acted for the subscriber to place 6,400,000 existing placing shares at a price of HK\$1.20 per share, and the subscriber subscribed for 6,400,000 new subscription shares at a price of HK\$1.20 per share.

Management Discussion and Analysis

In November 2014, the Company entered into a placing and subscription agreement with a subscriber and a placing agent pursuant to which the placing agent acted for the subscriber to place 9,900,000 existing placing shares at a price of HK\$0.93 per share, and the subscriber agreed to subscribe for 9,900,000 new subscription shares at a price of HK\$0.93 per share.

The aggregate gross and net proceeds from the above equity fund-raising activities are approximately HK\$16.89 million and HK\$16.62 million respectively, which were planned to be used as general working capital and investment of the Group.

Business overview

Greek Mythology

Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology") is an associate of the Group in which the Group owns 24.8% equity interests. It operates and manages Greek Mythology Casino. The Company has since taken continuous actions in an attempt to obtain the financial information of Greek Mythology, which is believed to have significant impact on the Group's results. In February 2014, the Company filed a court action in Macau against Greek Mythology in relation to its failure to provide the management accounts for the year ended 31 December 2012 to its shareholders. The court ruled on 19 May 2014 that the administrator of Greek Mythology shall within 60 days provide the Company with its management accounts for the year ended 31 December 2012. Subsequently, the Company took further legal action and filed with the court on 18 June 2014 to seek the relief and claim that Greek Mythology provide its management accounts to the Company for the year ended 31 December 2013. The court made a ruling on 7 November 2014 that the administrator of Greek Mythology shall within 60 days provide its management accounts for the year ended 31 December 2013.

On 9 October 2014, the Company received what purported to be the management accounts of Greek Mythology for the year ended 31 March 2013 despite the fact that the Company has not received any notice from Greek Mythology to convene general meeting to approve the annual accounts. As the Company considered that Greek Mythology has failed to provide all documentation concerning the annual

Management Discussion and Analysis

accounts necessary for the Company to verify the financial information, the Company is seeking further advices from the Macau lawyer for taking further actions to request Greek Mythology to meet its obligations. The Company will closely monitor the development of this matter and timely inform its shareholders on any significant development.

Acquisition in Vanuatu

In the past years, the gaming industry in Macau has enjoyed robust growth in revenue as well as the number of market players. However, the industry is encountering negative growth in recent months, the gaming revenue surprisingly punched by 11.7% and 23.2% year-on-year in September and October 2014 respectively. This disappointing results can be directly linked to a number of emerging challenges, such as Macau government's control on the supply of gaming tables; slowing economic environment in China; and slow down in the growth in Macau's gaming industry especially the high roller segment. Macau's position as destination of choice for Chinese gamblers has been gradually eroded by the increasing competition elsewhere in Asia such as Singapore, Malaysia, Laos, South Korea and the Philippines.

In this regard, the Group tried to consolidate its business resources and sought to expand its core business outside Macau, when all signs in the market were pointing to a slowed and even negative growth in Macau's gaming industry this year and in the near term. The management of the Company believes that over-reliance on a developed market such as Macau would limit the growth potential and intensify competition among market players. It therefore proactively seeks investment opportunities outside Macau to absorb the unfulfilled demand from high rollers in Asia.

The management of the Company is optimistic about the gaming business prospects in the Republic of Vanuatu. Tourism is one of the mainstays of the economy of this South Pacific island nation, attracting tourists from Australia, New Zealand, New Caledonia, Europe, North America and Japan every year. Vanuatu is widely recognized as one of the premier vacation destinations for scuba divers wishing to explore coral reefs of the South Pacific region.

Management Discussion and Analysis

In addition, Vanuatu enjoys a stable political environment, high accessibility from major Asian cities and a low tax regime. The government is supportive of the development of its gaming sector. The Company has full confidence in the high potential of Vanuatu and is well-poised to absorb the unfulfilled demand by establishing a casino operation there.

As a post result event taken place in October 2014, the Company entered into a sale and purchase agreement for the acquisition of 60% equity interests in Forenzia Enterprises Limited ("Forenzia Enterprises") at a consideration of HK\$48.1 million by way of issuing new ordinary shares. Forenzia Enterprises is principally engaged in conducting gaming business in Vanuatu and has obtained, through its wholly-owned subsidiaries, an interactive gaming license in Vanuatu. The Company believes that the acquisition will provide the Company with another stable income source and position the Company advantageously in the highly competitive gaming industry in Asia Pacific. The first tranche of 22,200,000 new ordinary shares were issued to the vendor upon the completion of the sale and purchase of 60% equity interests of Forenzia Enterprises on 11 November 2014. The second tranche of 14,800,000 new ordinary shares will be issued within 6 months after the commencement of business operation of the subsidiaries of Forenzia Enterprises.

The successful acquisition will be a milestone in the Company's development, enabling it to diversify its investment beyond Macau and generate long term return for its shareholders.

Prospects and outlook

Leveraging its extensive experience in the gaming and entertainment industry, the Group will seek to branch out its gaming and entertainment investments beyond Macau.

The Company's strategy is to develop itself into an investment holding company with multiple stable income sources. Looking forward, a major focus of the Group will be to explore M&A opportunities worldwide. The Group is pleased to be able to materialise the acquisition in Vanuatu and is committed to turning the operations into a success.

Management Discussion and Analysis

The Group is slowly recovering from the aftermath of a series of events which has caused major disruption to its business in the past years. The Group is devoted to resuming normal operation of its business and investing resources to bring the business back to a profitable position.

The Group will continue to identify other business opportunities and develop a diverse investment portfolio to generate long term value for its investors and shareholders.

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 any interim dividend for the six months ended 30 September 2014 (2013: 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 2014, the Group had total assets and net assets of approximately HK\$1,291 million (31 March 2014: approximately HK\$1,306 million) and approximately HK\$1,111 million (31 March 2014: approximately HK\$1,121 million) respectively, comprising non-current assets of approximately HK\$1,204 million (31 March 2014: approximately HK\$1,219 million) and current assets of approximately HK\$87 million (31 March 2014: approximately HK\$87 million) which were financed by shareholders' funds of approximately HK\$1,111 million (31 March 2014: approximately HK\$1,121 million), non-controlling interests of approximately

Management Discussion and Analysis

HK\$437,000 (31 March 2014: approximately HK\$597,000), current liabilities of approximately HK\$8 million (31 March 2014: approximately HK\$19 million) and non-current liabilities of approximately HK\$172 million (31 March 2014: approximately HK\$166 million).

The Group's current ratio, expressed as current assets over current liabilities, was 11.08 times (31 March 2014: 4.67 times). The Group's gearing ratio, calculated as a ratio of debt (including promissory note) to shareholders' equity, was approximately 16% (31 March 2014: approximately 17%).

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 ("MPF") 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 2014.

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

Saved as disclosed below, as at 30 September 2014, 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	400,000 <i>(Note 1)</i>	38,970,000	16.61%
	Interest in a controlled corporation <i>(Note 2)</i>	307,366	—	307,366	0.13%
	Total	38,877,366	400,000 <i>(Note 1)</i>	39,277,366	16.74%
Ms. Ng Wai Yee	Beneficial owner	—	400,000 <i>(Note 1)</i>	400,000	0.17%
Ms. Yeung Pui Han, Regina	Beneficial owner	—	400,000 <i>(Note 1)</i>	400,000	0.17%
Mr. Li Chi Fai	Beneficial owner	—	200,000 <i>(Note 1)</i>	200,000	0.09%
Ms. Sie Nien Che, Celia	Beneficial owner	—	200,000 <i>(Note 1)</i>	200,000	0.09%

Other Information

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

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

Notes:

1. These interests represent the number of underlying shares in respect of the 2012 Scheme (as defined below), the details of which are set out under section headed "SHARE OPTION SCHEME" on page 11 and Note 22 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 2014 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 2014, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director and the Chairman and Chief Executive Officer, Ms. Ng Wai Yee, 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 per share HK\$	No. of share options ('000)				As at 30 September 2014
				As at 1 April 2014	Granted during the year	Exercised During the year	Lapsed during the year	
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
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
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
Mr. Li Chi Fai	03/03/2014	03/03/2014– 02/03/2024	1.67	200	–	–	–	200
Ms. Sie Nien Che, Celia	03/03/2014	03/03/2014– 02/03/2024	1.67	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
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
In aggregate				8,950	–	–	–	8,950

Other Information

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

There was no purchase, sale or redemption by the Company nor by any of its subsidiaries of the Company's listed securities during the six months ended 30 September 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

CORPORATE GOVERNANCE

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

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

CORPORATE GOVERNANCE (CONTINUED)

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 of the Company, being all existing independent non-executive directors ("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 ("AGM") in accordance with the Bye-laws of the Company. The Company has also received the confirmation of independence from each INED and has grounds to believe that they are independent of the Company.

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

Due to other business commitments, Mr. Ng Man Sun, being the Chairman of the Board, was unable to attend the AGM of the Company held on 29 August 2014. He had arranged Ms. Ng Wai Yee, another executive director of the Company and who is very familiar with the Group's business and operations, to attend and chair the AGM.

Other Information

CORPORATE GOVERNANCE (CONTINUED)

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

Due to other business commitments, Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, being INEDs of the Company, did not attend the AGM of the Company held on 29 August 2014.

REVIEW OF RESULTS

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2014 and the accounting principles and practices adopted by the Group have been reviewed by the Audit Committee of the Company.

On behalf of the Board

Ng Man Sun

Chairman and Chief Executive Officer

Hong Kong, 28 November 2014

Condensed Consolidated Income Statement

For the six months ended 30 September 2014
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Turnover	5	2,443	2,527
Cost of sales		(131)	(36)
Gross profit		2,312	2,491
Other revenue and other net income	6	28	156
Selling and distribution expenses		(288)	(755)
General and administrative expenses		(14,000)	(12,632)
Loss from operations	7	(11,948)	(10,740)
Finance costs	9	(6,448)	(5,352)
Share of profit of an associate	16	—	—
Loss before taxation		(18,396)	(16,092)
Income tax	10	—	—
Loss for the period		(18,396)	(16,092)
Attributable to:			
Owners of the Company		(17,772)	(15,767)
Non-controlling interests		(624)	(325)
Loss for the period		(18,396)	(16,092)
		HK Cents	HK Cents
Loss per share			
— basic and diluted	12	(7.75)	(7.36)

The notes on pages 21 to 44 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2014

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(18,396)	(16,092)
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	<u>9</u>	<u>10</u>
Total comprehensive loss for the period	<u>(18,387)</u>	<u>(16,082)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(17,768)	(15,759)
Non-controlling interests	<u>(619)</u>	<u>(323)</u>
	<u>(18,387)</u>	<u>(16,082)</u>

The notes on pages 21 to 44 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2014
(Expressed in Hong Kong dollars)

		30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	13	1,270	1,639
Investment properties	14	–	14,150
Intangible assets		11,250	12,273
Goodwill	15	–	–
Interest in an associate	16	1,191,209	1,191,209
		1,203,729	1,219,271
Current assets			
Trade and other receivables	17	82,222	83,008
Cash and cash equivalents		4,779	3,962
		87,001	86,970
Current liabilities			
Trade and other payables	18	7,709	7,495
Obligation under a finance lease		142	139
Other borrowing	19	–	11,000
		7,851	18,634
Net current assets		79,150	68,336

Condensed Consolidated Statement of Financial Position

At 30 September 2014

(Expressed in Hong Kong dollars)

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
	Note	
Total assets less current liabilities	1,282,879	1,287,607
Non-current liabilities		
Promissory notes	20 171,788	166,074
Obligation under a finance lease	249	320
	172,037	166,394
NET ASSETS	1,110,842	1,121,213
CAPITAL AND RESERVES		
Share capital	21 46,927	45,647
Reserves	1,063,478	1,074,969
Total equity attributable to owners of the Company	1,110,405	1,120,616
Non-controlling interests	437	597
TOTAL EQUITY	1,110,842	1,121,213

The notes on pages 21 to 44 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

At 30 September 2014
(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 2014											
(Audited balance brought forward from 31 March 2014)	45,647	337,196	(22,470)	2,180,026	16,795	190	147	(1,436,915)	1,120,616	597	1,121,213
Deemed disposal on equity interest in a subsidiary	—	—	—	—	—	—	—	—	—	459	459
Placing of shares	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 loss for the period	—	—	—	—	—	4	—	(17,772)	(17,768)	(619)	(18,387)
At 30 September 2014	46,927	343,473	(22,470)	2,180,026	16,795	194	147	(1,454,687)	1,110,405	437	1,110,842
(Unaudited)											
At 1 April 2013 (Audited)	41,527	324,160	(22,470)	2,180,026	7,445	159	147	(1,503,577)	1,027,417	(345)	1,027,072
Deemed disposal on equity interest in a subsidiary	—	—	—	—	—	(7)	—	—	(7)	457	450
Placing of shares	4,120	13,036	—	—	—	—	—	—	17,156	—	17,156
Loss for the period	—	—	—	—	—	—	—	(15,767)	(15,767)	(325)	(16,092)
Exchange differences on translation of foreign operation	—	—	—	—	—	8	—	—	8	2	10
Total comprehensive loss for the period	—	—	—	—	—	8	—	(15,767)	(15,759)	(323)	(16,082)
At 30 September 2013	45,647	337,196	(22,470)	2,180,026	7,445	160	147	(1,519,344)	1,028,807	(211)	1,028,596
(Unaudited)											

The notes on pages 21 to 44 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

(Expressed in Hong Kong dollars)

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(9,538)	(13,688)
Net cash generated from/(used in) investing activities	14,136	(353)
Net cash (used in)/generated from financing activities	(3,786)	17,528
Net increase in cash and cash equivalents	812	3,487
Cash and cash equivalents as at 1 April	3,962	1,199
Net effect of foreign exchange rate changes	5	25
Cash and cash equivalents as at 30 September	4,779	4,711

The notes on pages 21 to 44 form part of these unaudited condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

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 investment in slot machines related operation, VIP gaming 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 2014

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 2014.

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) 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 2014.

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 2014, 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 HKFRS 10, HKFRS 12 and HKAS 27 (2011), Investment entities
- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets
- Amendments to HKAS 39, Novation of Derivatives and continuation of hedge accounting
- HK (IFRIC) — Interpretation 21, Levies

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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

4. SEGMENT INFORMATION

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

(a) Geographical information

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

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Macau	2,400	2,400
PRC (excluding Macau and Hong Kong)	43	127
	2,443	2,527

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

4. SEGMENT INFORMATION (CONTINUED)

(a) Geographical information (CONTINUED)

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

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Macau	1,202,459	1,203,482
PRC	212	396
Hong Kong	1,059	15,393
	1,203,730	1,219,271

(b) Major customer

Revenue of HK\$2,400,000 (2013: HK\$2,400,000) was received/receivable from Greek Mythology for the six months ended 30 September 2014.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

5. TURNOVER

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

		Six months ended 30 September	
	<i>Note</i>	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Income from investments in gaming and entertainment related business			
— Investment in VIP gaming related operation	a	1,800	1,800
— Investment in slot machine related operation	b	600	600
Commission income on provision of services to Guangxi Welfare Lottery Issue Centre		43	127
		2,443	2,527

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

5. TURNOVER (CONTINUED)

a) Investment in VIP gaming related operation

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Monthly income	<u>1,800</u>	<u>1,800</u>
Net contribution from VIP gaming related operation attributable to the Group	<u>1,800</u>	<u>1,800</u>

b) Investment in slot machine related operation

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Monthly income	<u>600</u>	<u>600</u>
Net contribution from slot machine related operation attributable to the Group	<u>600</u>	<u>600</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

6. OTHER REVENUE AND OTHER NET INCOME

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

	Six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Other revenue		
Interest income from banks	1	1
Gross rental income from investment properties	25	23
Sundry income	2	144
	28	168
Other net income		
Loss on disposal of property, plant and equipment	—	(9)
Net exchange losses	—	(3)
	—	(12)
	28	156

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

7. LOSS FROM OPERATIONS

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

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
a) Staff costs		
Salaries, wages and other benefits	4,479	3,872
Contributions to defined contribution retirement plans	106	72
	4,585	3,944
b) Other items		
Depreciation of property, plant and equipment	312	373
Amortisation of intangible assets	1,023	1,023
Loss on disposal of a subsidiary	3	—
Loss on disposal of property, plant and equipment	71	9
Operation lease charges in respect of premises:		
— minimum lease payments	2,492	1,406
Gross rental income from investment properties less direct outgoings of HK\$Nil (2013: HK\$1,000)	(25)	(22)

Notes to Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2014

8. DIRECTORS' EMOLUMENTS

The summary of Directors' remuneration is as follows:

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	2052	9	2,241

For the six months ended 30 September 2013

	Directors' fee HK\$'000 (Unaudited)	Salaries, allowances and benefits-in- kind HK\$'000 (Unaudited)	Retirement scheme contributions HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Executive directors	—	1,980	8	1,988
Independent non-executive directors	152	—	—	152
	152	1,980	8	2,140

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

9. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on promissory notes	5,714	5,340
Finance charges on obligations under a finance lease	8	11
Finance charges on an other borrowing	726	—
Others	—	1
Total interest expense on financial liabilities not at fair value through profit or loss	6,448	5,352

10. INCOME TAX

No provision for Hong Kong profits tax, Macau Complementary Income Tax and People's Republic of China ("PRC") Enterprise Income Tax has been made as the companies within the Group have no assessable profits for the six months ended 30 September 2014 and 2013 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 2014 (2013: Nil).

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

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\$17,772,000 (2013: HK\$15,767,000) and the weighted average number of ordinary shares in issue during the Period Under Review, calculated as follows:

	Six months ended 30 September	
	2014	2013
	'000	'000
Issued ordinary shares at 1 April	228,233	207,633
Effect of share issue under placing	1,189	6,614
Weighted average number of ordinary shares at 30 September	229,422	214,247

The weighted average number of ordinary shares of basic loss per share for the six months ended 30 September 2014 and 2013 have been adjusted for the placing of new shares.

(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 2014 and 2013 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.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group acquired property, plant and equipment having a total cost of approximately HK\$22,000 (six months ended 30 September 2013: approximately HK\$342,000).

14. INVESTMENT PROPERTIES

On 20 June 2014, the Group completed the disposal of all of its investment properties to five independent third parties at an aggregated consideration of HK\$14,150,000. Other borrowings of HK\$11,000,000 together with interest were repaid and the pledge on these investment properties was released accordingly.

15. GOODWILL

	HK\$'000
Cost	
At 31 March 2014, 1 April 2014 and 30 September 2014	18,309
Accumulated impairment losses	
At 31 March 2014, 1 April 2014 and 30 September 2014	18,309
Carrying amount	
At 30 September 2014 (Unaudited)	—
At 31 March 2014 (Audited)	—

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

15. GOODWILL (CONTINUED)

Goodwill relates to the acquisition in the year ended 31 March 2011 of 100% equity interest in Le Rainbow China Limited which, at the time of acquisition, held 60% equity interest in 南寧樂彩互動信息服務有限公司 (Nanning Inter-Joy LOTTO Information Services Co., Ltd "LE-Guangxi"). On 1 November 2010, LE-Guangxi was licensed to provide computer lottery terminals and related hardware and software and marketing services to Guangxi Welfare Lottery Issue Centre for two years to July 2013. On 31 October 2012, the licence was renewed and LE-Guangxi has been permitted to provide the above-named services to Guangxi Welfare Lottery Issue Centre till 29 October 2015.

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

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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

16. INTEREST IN AN ASSOCIATE

Since the unaudited consolidated interim financial information for the six months ended 30 September 2014 of Greek Mythology is not available, the interest in the associate was accounted for in the unaudited condensed consolidated interim financial statements under the equity method using the unaudited financial information of the associate as at 31 March 2012. The carrying amount of the interest in an associate of HK\$1,191,209,000 brought forward from 1 April 2014 was carried forward to 30 September 2014.

17. TRADE AND OTHER RECEIVABLES

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Other receivables	27,781	28,513
Less: impairments	(25,300)	(25,300)
	2,481	3,213
Due from an associate	77,565	75,165
Loans and receivables	80,046	78,378
Rental and other deposits	1,321	1,252
Prepayments	855	3,378
	82,222	83,008

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

18. TRADE AND OTHER PAYABLES

	<i>Note</i>	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Trade payables	a	1,011	962
Accruals and other payables		6,542	6,377
Due to related companies	b	156	156
Financial liabilities measured at amortised cost		7,709	7,495

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

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Less than 1 year past due	158	109
Over 1 year past due	853	853
	1,011	962

- (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 2014

19. OTHER BORROWING

Other borrowing of HK\$11,000,000 is secured, interest bearing at 26.4% per annum and repayable on 20 July 2014. Other borrowing was secured by the investment properties of the Group with an aggregate carrying amount of HK\$14,150,000 and were repaid on 20 June 2014 upon the completion of the disposal of investment properties as referred to in note 14.

20. PROMISSORY NOTES

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

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

	HK\$'000
At 1 April 2013 (audited)	155,210
Add: Interests on promissory notes	<u>5,340</u>
At 30 September 2013 (unaudited)	<u>160,550</u>
At 1 April 2014 (audited balance brought forward from 31 March 2014)	166,074
Add: Interests on promissory notes	<u>5,714</u>
At 30 September 2014 (unaudited)	<u>171,788</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

21. SHARE CAPITAL

	Number of ordinary shares of HK\$0.2 per share	HK\$'000
<i>Note</i>	'000	HK\$'000
Authorised:		
At 31 March 2014, 1 April 2014 and 30 September 2014	400,000	80,000
Issued and fully paid:		
At 31 March 2014 and 1 April 2014	228,233	45,647
Placing of shares	6,400	1,280
At 30 September 2014	234,633	46,927

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

In August 2014, the Company issued 6.4 million subscription shares at price HK\$1.2 per share to raise approximately HK\$7.56 million of net proceeds. Totally HK\$1.28 million was recorded as increase in share capital and the remaining proceeds of approximately HK\$6.28 million was recorded as share premium.

22. 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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2014

22. 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.

22. 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.

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22. SHARE OPTION SCHEME (CONTINUED)

Fair value of share options and assumptions

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

Fair value of share options and assumptions

Fair value at measurement date	HK\$1,479
Share price	HK\$1.67
Exercise price	HK\$1.67
Expected volatility (expressed as weighted average volatility used in the modeling under the Binominal Option Pricing Model)	100.31%
Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)	10 years
Expected dividends	0%
Risk-free interest rate (based on exchange fund notes)	2.135%

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

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

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23. OPERATING LEASE COMMITMENTS

At 30 September 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Within one year	3,873	4,722
In the second to fifth year	1,965	4,128
	5,838	8,850

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

24. MATERIAL RELATED PARTY TRANSACTIONS

Directors' emoluments for the six months ended 30 September 2014 are disclosed in Note 8.

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25. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

As a post result event taken place in October 2014, the Company entered into a sale and purchase agreement for the acquisition of 60% equity interests in Forenzia Enterprises Limited ("Forenzia Enterprises") at a consideration of HK\$48.1 million by way of issuing new ordinary shares. Forenzia Enterprises is principally engaged in conducting gaming business in Vanuatu and has obtained, through its wholly-owned subsidiaries, an interactive gaming license in Vanuatu. The first tranche of 22,200,000 new ordinary shares were issued to the vendor upon the completion of the sale and purchase of 60% equity interests of Forenzia Enterprises on 11 November 2014. The second tranche of 14,800,000 new ordinary shares will be issued within 6 months after the commencement of business operation of the subsidiaries of Forenzia Enterprises

On 25 November 2014, the Company entered into a placing and subscription agreement with a subscriber and a placing agent pursuant to which the placing agent acted for the subscriber to place 9,900,000 existing placing shares at a price of HK\$0.93 per share, and the subscriber agreed to subscribe for 9,900,000 new subscription shares at a price of HK\$0.93 per share. The aggregate gross and net proceeds are approximately HK\$9.21 million and HK\$9.06 million respectively. The placing shares represent approximately 3.86% of the issued share capital of the Company as of 25 November 2014 and approximately 3.71% of the issued share capital as enlarged by the subscription and the allotment and issue of the subscription shares.