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INTERIM REPORT 2018/19

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

*(Incorporated in Bermuda with limited liability)*

Stock Code: 959

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## BOARD OF DIRECTORS

### Executive

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

Ms. Ng Wai Yee

### Independent Non-executive

Ms. Yeung Pui Han, Regina

Mr. Li Chi Fai

Ms. Sie Nien Che, Celia

## AUDIT COMMITTEE

Mr. Li Chi Fai *(Chairman)*

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

## COMPLIANCE COMMITTEE

Ms. Ng Wai Yee *(Chairman)*

Mr. Li Chi Fai

Mr. Wong Sze Lok

*(Chief Financial Officer)*

Mr. Cheung Tai Chi

*(Company Secretary)*

## REMUNERATION COMMITTEE

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

Ms. Ng Wai Yee

Ms. Sie Nien Che, Celia

## NOMINATION COMMITTEE

Mr. Ng Man Sun *(Chairman)*

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

## COMPANY SECRETARY

Mr. Cheung Tai Chi

## AUDITOR

Elite Partners CPA Limited

## LEGAL ADVISER

Cheng, Yeung & Co.

## INVESTOR RELATIONS CONSULTANT

Get Like Financial Communications Limited

## STOCK CODE

959

## BRANCH SHARE REGISTRAR

Tricor Secretaries Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 6303-04, 63/F.

Central Plaza

18 Harbour Road Wanchai

Hong Kong

The board (the “Board”) of directors (the “Directors”) of Amax International Holdings Limited (“Amax” or the “Company”; stock code: 959) report the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2018 (the “Period under Review”) (the “2018 Interim Results”). The 2018 Interim Results have been reviewed by the audit committee of the Company.

## FINANCIAL REVIEW

The principal activities of the Group are investment holdings, operating the gaming business in Vanuatu and the VIP room in Cambodia, running the VIP gaming tables related operation and slot machines related operation, and the development of innovative intellectual properties and technological solutions in connection with mobile game apps development and AR/VR applications to clients. For the Period under Review, the Group had not only persistently removing the obstacles like the prolonged litigation as detailed below that hindered the development of the Company, it also started fine-tuning the business structure and strategy while further built up its establishment in Cambodia.

During the Period under Review, the financial information of Greek Mythology (as defined below) was still unavailable for the preparation of the consolidated financial statements of the Company.

The Group recorded a revenue of approximately HK\$62.3 million for the Period under Review, increasing 493.3% as compared to approximately HK\$10.5 million in the corresponding period last year. The increase in revenue was mainly attributable to the revenue derived from the VIP room business in Cambodia which commenced in December 2017. Net loss for the Period under Review was approximately HK\$21.5 million, increasing 54.7% as compared to approximately HK\$13.9 million for the corresponding period last year. The increase in loss was mainly due to the increased expenses arising from loss on settlement of promissory notes completed in July 2018, general and administrative expenses in relation to the new VIP room and AR/VR business and the interest on promissory notes and convertible bonds.

# Management Discussion and Analysis

## Capital Structure

As at 30 September 2018, the Company's total number of issued shares was 891,718,039 (31 March 2018: 815,530,039) at HK\$0.20 each. The Group's consolidated net assets totalled approximately HK\$394.3 million, representing an increase of approximately HK\$35.1 million as compared to that of approximately HK\$359.2 million as at 31 March 2018.

- (a) During the Period under Review and up to the date of this report, the Company completed one placing and top-up subscription activity, raising a total of approximately HK\$9.09 million as detailed below.

<b>Date of placing and subscription agreement</b>	<b>Date of completion</b>	<b>Price per share HK\$</b>	<b>No. of shares</b>	<b>Net proceeds HK\$</b>
24 July 2018	7 August 2018	0.238	39,000,000	9.09 million

Up to the date of this report, the proceeds from this placing were used for payment of the Company's general and administrative expenses and repayment of other borrowings with major items detailed below:

<b>Date of placing and subscription agreement</b>	<b>24 July 2018 HK\$</b>
Net Proceeds	9.09 million
Use of net proceeds	
Staff salaries and Directors' fees	0.47 million
Rental and operating expenses	0.70 million
Legal and professional fees	0.42 million
Repayment of other borrowings	7.50 million
Total	9.09 million

- (b) During the Period under Review and up to the date of this report, the Company completed one subscription activity. As at 28 August 2018, the Company was indebted to i) Chanceton Capital Partners Limited (“Chanceton Capital”) an outstanding amount of HK\$3.25 million; ii) Mr. Wong Kam Wah (“Mr. Wong”) an outstanding amount of HK\$2.50 million; and iii) Skyline Ace Limited (“Skyline Ace”) an outstanding amount of HK\$3.25 million. On 28 August 2018, the Company with each of Chanceton Capital, Mr. Wong and Skyline Ace (collectively, the “Subscribers”) entered into separate subscription agreement pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue an aggregate of 37,188,000 subscription shares at the subscription price of approximately HK\$0.242 per subscription share, in consideration of each of Chanceton Capital, Mr. Wong and Skyline Ace agreeing to waive their respective indebted amount in an aggregate sum of HK\$9 million due from the Company. The completion of the subscriptions took place on 6 September 2018 and the Company allotted and issued an aggregate of 37,188,000 subscription shares (out of which 13,429,000 subscription shares were to Chanceton Capital, 10,330,000 subscription shares were to Mr. Wong and 13,429,000 subscription shares were to Skyline Ace respectively) at approximately HK\$0.242 per subscription share.

## Liquidity and Financial Resources

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

As at 30 September 2018, the Group had total assets and net assets of approximately HK\$594.1 million (31 March 2018: approximately HK\$591.8 million) and approximately HK\$394.3 million (31 March 2018: approximately HK\$359.2 million) respectively, comprising non-current assets of approximately HK\$527.4 million (31 March 2018: approximately HK\$537.2 million) and current assets of approximately HK\$66.7 million (31 March 2018: approximately HK\$54.6 million) which were financed by shareholders’ funds of approximately HK\$394.3

## Management Discussion and Analysis

million (31 March 2018: approximately HK\$359.2 million). The Group also had non-controlling interests of approximately HK\$53.8 million (31 March 2018: approximately HK\$53.2 million), current liabilities of approximately HK\$136.0 million (31 March 2018: approximately HK\$216.2 million) and non-current liabilities of approximately HK\$63.8 million (31 March 2018: approximately HK\$16.5 million).

The Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 51% (31 March 2018: approximately 65%).

### Settlement of Prolonged Litigation

On 23 July 2018, the Group had finally resolved the dispute regarding the outstanding promissory notes of the aggregate sum of HK\$190,000,000 (the "PNs") in accordance with the terms and conditions of the deeds of settlement entered among Ms. Lee Bing and Mr. Wu Weide (collectively the "Holders"), Mr. Ng Man Sun ("Mr. Ng") and the Company:

- (i) the Holders had returned the PNs to the Company for cancellation;
- (ii) a promissory note in the amount of HK\$104,500,000 had been issued in favour of Mr. Ng by the Company and such promissory note had been subsequently settled by issuing convertible bonds to Mr. Ng at a conversion price of HK\$0.3 per share;
- (iii) the remaining outstanding amount of the PNs of HK\$85,500,000 due to the Holders was settled by paying HK\$5,500,000 cash and by issuing promissory notes in the total amount of HK\$50,000,000 and a convertible bond in the amount of HK\$30,000,000 at a conversion price of 0.249 per share; and
- (iv) the consent orders have been duly signed and the legal proceedings in relation to the PNs had been dismissed accordingly.

In order to secure the payment obligations by the Company to the Holders, the Company delivered an executed personal guarantee given by Mr. Ng to guarantee the payment of the Company's payment obligations under the HK\$50,000,000 promissory notes in favour of the Holders.

Further details of the abovementioned matters are set out in the circular of the Company dated 31 May 2018 and the announcement of the Company dated 23 July 2018.

The Company has now fully resolved the long disputes in connection with the PNs and can avoid incurring further legal costs to continue the legal proceedings. The Company believes that with this uncertainty possibly removed, it shall have positive effect on the financial position and net asset value of the Company.

## BUSINESS REVIEW

With the efforts made in previous year, the business of the Group has come back on track during the Period under Review. It was a time when the Company had made few steps forward in eliminating the adversity while fine-tuning the business structure of the Company so that there shall be a strong foundation for the Group to capture the growth opportunities in the gaming industry in Cambodia and other ASEAN areas. The development during the Period under Review allowed the Group to further penetrate into these new markets, helping the Group to expand and grow.

### Business Operation of Forenzia Enterprises Limited

The Group has acquired 60% equity interests in Forenzia Enterprises Limited in 2014, which principally operates gaming business in Vanuatu under an interactive gaming license valid for a period of 15 years from February 2014.

# Management Discussion and Analysis

During the Period under Review, the volatility of the global market conditions had convinced that the Company has made an appropriate decision to proactively adjusted its positioning and adopted a more conservative strategy by reviewing and cutting the operational expenses for the business in Vanuatu since December 2016. With the objective for steady and healthy development of the Company, the Company shall maintain this conservative and prudent strategy on the business in Vanuatu while stay alert to the macro economic condition and make suitable adjustment and fine-tuning the business strategy accordingly.

## Augmented reality (“AR”)/Virtual reality (“VR”) entertainment and mobile games solutions

Explicitly Grand Investments Limited (“Explicitly Grand”), a wholly-owned subsidiary of the Company, and its subsidiaries (collectively the “Explicitly Grand Group”) specialize in the AR/VR entertainment developments and apps on mobile devices platforms and also provide customized IT and design solutions for its customers which include real estate companies, retails, food and beverage, electronics, manufacturing and entertainment and theme parks in China. During the Period under Review, the Explicitly Grand Group had contributed a revenue of approximately HK\$2.8 million to the Group.

Pursuant to the supplemental agreement dated 15 August 2017 regarding acquisition of 100% of the issued share capital of Explicitly Grand Group whereby the vendors shall undertake and guarantee to the Company that (i) the net profit after taxation of the Explicitly Grand Group and excluding extra-ordinary items, one-off items, any amounts received or written back for debt or any other provisions for the year ending 31 March 2018 will be no less than HK\$4.91 million in accordance with generally accepted accounting principles in Hong Kong (the “2018 Guaranteed Profit”); and (ii) the aggregate value of the legally-binding contracts the Explicitly Grand Group entered into during the period from 1 April 2018 to 31 March 2019 will not be less than HK\$6 million which shall be verified by the Company’s legal advisor (the “2019 Guaranteed Performance”).

Based on the audited consolidated financial statements of the Explicitly Grand Group, actual profit for the financial year ended 31 March 2018 was approximately HK\$5.67 million. Therefore, the 2018 Guaranteed Profit had been fulfilled.

With regard to the 30 mobile game apps (“Mobile Game Apps”) acquired on 30 March 2017 at a consideration of HK\$27 million by issuing 60,000,000 consideration shares, during the Period under Review, the Company had intended to dispose of the Mobile Game Apps at a consideration of HK\$30 million (“Proposed Disposal”) to an independent third party but the transaction was terminated due to uncertainties arise on the fulfillment of payment obligation by the purchaser. Details of the Proposed Disposal and the termination of the Proposed Disposal are set out in the announcements of the Company dated 30 April 2018, 29 June 2018 and 31 July 2018.

## Gaming Business in Cambodia

The Company has been operating a VIP Room with 13 baccarat tables in Cambodia via Victor Mind Global Limited (“VMG”), a wholly-owned subsidiary of the Company, since 1 December 2017. The operation of the VIP Room was outsourced to an independent operator appointed by VMG. During the Period under Review, the revenue generated from the VIP Room was approximately HK\$50.3 million.

The Company, through the VIP room operation, has gained knowledge and understanding of the gaming business in Cambodia and also in other areas in Asia Pacific region. During the Period under Review, the Company had leveraged its valuable experience to further broaden its income source. On 11 October 2018, VMG and Cheung Shing Global Travel Entertainment Limited (“CSG”), a wholly-owned company by Mr. Ng Man Sun, the Chairman and Chief Executive Officer of the Company, had entered into a service agreement (the “Service Agreement”), pursuant to which VMG shall provide technical and pre-opening services in relation to a casino in Cambodia (the “Casino”) operated by CSG, including (i) the design, development and implementation of information technology system in the Casino; (ii) the overall design of the Casino; (iii) the establishment of organization and operation structure of the Casino; (iv) the setting up of internal control system of the Casino; (v) the provision of headhunting and recruiting services for the Casino; (vi) the procurement of essential hardware, equipment and peripheral facilities of the Casino; (vii) monitor the overall progress and report deficiencies of the decoration of the Casino; and (viii) the procurement of all relevant licenses and permits in Cambodia for the operation of the Casino.

# Management Discussion and Analysis

Pursuant to the Service Agreement, VMG shall receive service fees of HK\$9,000,000 for the provision of technical and pre-opening services to the Casino. As CSG is regarded as a connected person of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. There is an annual cap of HK\$9,000,000 for the service fees payable by CSG to VMG under the Service Agreement for the year ending 31 March 2019.

The Board believes that the services rendered to CSG provide the Company with additional income source. Meanwhile, it proves that the understanding and knowledge in gaming industry in Asia Pacific Region does not only mean that business scope of the Company shall be restricted to the operation of casino. The Company can also utilize its knowledge to provide services to other casinos. During the provision of services to other casinos, the Company believes it can further build up its reputation while enhancing and updating its knowledge in the gaming industry in Asia Pacific Region, which further create a competitive edge.

## Greek Mythology

The Group holds 24.8% equity interests in Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology”), which operates and manages Greek Mythology casino at Beijing Imperial Palace Hotel (formerly known as New Century Hotel) in Macau. With Greek Mythology refusing to provide the Company with valid financial information since 2012, the Group has initiated a series of legal actions to obtain the relevant annual accounts and requesting the repayment of the outstanding amount due from Greek Mythology. However, Greek Mythology failed to respond to such requests.

Having considered the position of Greek Mythology and according to further advice from the Macau lawyers, the Company applied to the Macau Court on 19 June 2017 for the appointment of Mr. Ng Man Sun, Chairman and Chief Executive Officer of the Company, as the administrator of Greek Mythology (the “Application”). If the court order is granted, the Company would have access to the financial information of Greek Mythology and participate in the management of Greek Mythology.

On 7 June 2018, the Company was informed by the Macau lawyer that the Macau Court had failed to summon the existing board members of Greek Mythology (the “GM Board members”) on 29 May 2018. The Macau lawyer advised that they have then submitted a request to the Macau Court for the approval for publicly publishing the corresponding summon.

On 4 October 2018, the Macau Court had approved for the publication and on 15 October 2018 and 16 October 2018 (the “Publication Date”) respectively, the Company had publicly published the summon. Within ten days upon the expiry of the notice period, which is 30 days from the Publication Date, should there be no objection for the Application, the Macau Court shall continue with the proceedings of the Application with the absence of the GM Board members.

The Board is fully aware of and has been trying all possible steps to remove the prolonged disclaimer of opinion raised by the auditors. However, the Board is also aware that such disclaimer of opinion was a result of some historical events which require significant resources and effort to resolve. The Company is continuing to consider taking all steps appropriate to resolve the Greek Mythology issues. It also closely monitors developments pertaining to this matter and will inform shareholders of any significant progress.

### OUTLOOK AND PROSPECT — Dawn of a New Era

During the Period under Review, the Company had been striving hard and had succeeded to leap over the hurdles that might have dragged the feet of its business development. The Company had settled the lengthy dispute in relation to the promissory notes. It paved a smooth way for the Company to concentrate on its future business development. Nevertheless, the Company also believes that prudent actions shall be taken for sustainable development, especially when the current macro-economic situation had painted a rather uncertain and volatile picture around the world.



## Management Discussion and Analysis

During the Period under Review, the Company had refined its business structure in accordance to the market situation, while grabbed hold of the opportunity to cement its position in the gaming industry in Cambodia, if not, the ASEAN. The number of visitors in Cambodia, especially the tourists from Mainland China, has been growing which is evidence that Cambodia is an evolving destination for tourism and investment. By entering into the VIP room business in Cambodia and the Service Agreement, not only did the Company successfully open new income sources with its valuable experience and knowledge in the gaming industry, but also further established its reputation in Cambodia.

Meanwhile, the Company is aware of, and shall continue to liaise with relevant professional parties including the auditors, financial advisors and legal representative, to eliminate the difficulties upfront especially on the development on Greek Mythology and, correspondingly, the disclaimer of opinion raised by the Company's auditors. The Company and the Board shall continue to identify all possible solutions to address the disclaimer of opinion.

### Appreciation

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

### INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: Nil).

## FOREIGN EXCHANGE AND CURRENCY RISKS

It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimise currency risks. The principal businesses of the Group are conducted and recorded in Hong Kong dollars, United States dollars, Renminbi and Macau Patacas. As its exposure to foreign exchange fluctuation is minimal, the Group does not see the need for using any hedging tools.

## EMPLOYEES AND REMUNERATION POLICY

The Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses were determined with reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund scheme in Hong Kong, and provides employees with medical insurance coverage. A share option scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

## CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2018.

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

Save as disclosed below, as at 30 September 2018, none of the Directors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register(s) and kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

#### Long Position in shares and underlying shares of the Company

Name of Directors	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate percentage of issued share capital
Mr. Ng Man Sun	Beneficial owner	57,161,260	6,844,780 <i>(Note 1)</i>	64,006,040	7.18%
	Interest in a controlled corporation <i>(Note 2)</i>	307,366	—	307,366	0.03%
<b>Total</b>		57,468,626	6,844,780 <i>(Note 1)</i>	64,313,406	7.21%
Ms. Ng Wai Yee	Beneficial owner	—	7,093,040 <i>(Note 1)</i>	7,093,040	0.80%
Ms. Yeung Pui Han, Regina	Beneficial owner	—	1,603,040 <i>(Note 1)</i>	1,603,040	0.18%
Mr. Li Chi Fai	Beneficial owner	—	1,354,780 <i>(Note 1)</i>	1,354,780	0.15%
Ms. Sie Nien Che, Celia	Beneficial owner	300,000	1,106,520 <i>(Note 1)</i>	1,406,520	0.16%

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

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

*Notes:*

1. These interests represent the number of underlying shares in respect of the 2012 Scheme (as defined below), the details of which are set out under section headed "Share Option Scheme" on page 16 and note 19 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 2018 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 2018, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director, the Chairman and CEO (as defined below), Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia as Directors, the following persons had interests or short position in the shares and underlying shares of the Company as recorded in the register(s) required to be kept under section 336 of the SFO.

<b>Name</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of issued share capital</b>
Mr. Lam Kwan Hang Jonathan	Beneficial Owner	92,652,000	10.39%

### 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.

## SHARE OPTION SCHEME (CONTINUED)

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

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

## SHARE OPTION SCHEME (CONTINUED)

	Date of Grant (day/month/year)	As at 1 April 2018 (Note 2)	No. of share options ('000)		Exercise period (day/month/year)	Adjusted exercise price HK\$ (Note 2)
			Exercised	Lapsed		
<b>Eligible employees</b>	05/02/2013 <i>(Note 1)</i>	1,553	-	-	1,553 05/02/2013-04/02/2023	1.241
	03/03/2014	2,359	-	-	2,359 03/03/2014-02/03/2024	1.345
	10/03/2015	2,607	-	-	2,607 10/03/2015-09/03/2025	0.701
	25/04/2016	1,607	-	-	1,607 25/04/2016-24/04/2026	0.370
	01/12/2017	6,200	-	-	6,200 01/12/2017-30/11/2027	0.280
<b>Service provider</b>	05/02/2013 <i>(Note 1)</i>	2,483	-	-	2,483 05/02/2013-04/02/2023	1.241
	03/03/2014	2,483	-	-	2,483 03/03/2014-02/03/2024	1.345
	10/03/2015	1,242	-	-	1,242 10/03/2015-09/03/2025	0.701
	01/12/2017	6,100	-	-	6,100 01/12/2017-30/11/2027	0.280
	18/01/2018	2,000	-	-	2,000 18/01/2018-17/01/2019	0.365
	18/01/2018	1,000	-	-	1,000 18/01/2018-17/01/2019	0.600
In aggregate		47,632	-	-	47,632	

### Notes:

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

## CORPORATE GOVERNANCE

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

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

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

### CORPORATE GOVERNANCE (CONTINUED)

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

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

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

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

Due to other business commitments, Mr. Ng Man Sun, being the Chairman of the Board, was unable to attend the AGM of the Company held on 30 August 2018. He had arranged Ms. Ng Wai Yee, another executive director (the “Executive Director”) of the Company and who is very familiar with the Group’s business and operations, to attend and chair the AGM.

## CORPORATE GOVERNANCE (CONTINUED)

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

Due to other business commitments, Ms. Sie Nien Che, Celia, being an INED of the Company, did not attend the AGM of the Company held on 30 August 2018 and the special general meeting of the Company held on 19 June 2018.

## REVIEW OF RESULTS

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2018 and the accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

On behalf of the Board

**Ng Man Sun**

*Chairman and Chief Executive Officer*

Hong Kong, 29 November 2018

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2018  
(Expressed in Hong Kong dollars)

		<b>Six months ended 30 September</b>	
	<i>Note</i>	<b>2018 HK\$'000 (Unaudited)</b>	2017 HK\$'000 (Unaudited)
<b>Revenue</b>	5	<b>62,265</b>	10,530
Cost of sales		<b>(40,598)</b>	(3,203)
<b>Gross profit</b>		<b>21,667</b>	7,327
Loss on settlement of promissory notes		<b>(10,129)</b>	–
Selling and distribution expenses		<b>(1,232)</b>	(2,040)
General and administrative expenses		<b>(27,777)</b>	(19,090)
Finance costs	6	<b>(4,455)</b>	(113)
<b>Loss before taxation</b>	7	<b>(21,926)</b>	(13,916)
Income tax	9	<b>402</b>	–
<b>Loss for the period</b>		<b>(21,524)</b>	(13,916)
<b>Attributable to:</b>			
Owners of the Company		<b>(22,074)</b>	(13,797)
Non-controlling interests		<b>550</b>	(119)
<b>Loss for the period</b>		<b>(21,524)</b>	(13,916)
<b>Loss per share</b>		<b>HK Cents</b>	HK Cents
– basic and diluted	11	<b>(2.65)</b>	(2.25)

The notes on pages 28 to 68 form part of these unaudited condensed consolidated interim financial statements.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2018  
(Expressed in Hong Kong dollars)

	<b>Six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Loss and total comprehensive expense for the period</b>	<b>(21,524)</b>	(13,916)
<b>Total comprehensive expense attributable to:</b>		
Owners of the Company	<b>(22,074)</b>	(13,797)
Non-controlling interests	<b>550</b>	(119)
	<b>(21,524)</b>	(13,916)

The notes on pages 28 to 68 form part of these unaudited condensed consolidated interim financial statements.

# Condensed Consolidated Statement of Financial Position

At 30 September 2018

(Expressed in Hong Kong dollars)

		<b>30 September 2018</b>	31 March 2018
	<i>Note</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>5,832</b>	8,715
Intangible assets		<b>120,545</b>	127,241
Goodwill		<b>41,761</b>	41,761
Interest in an associate	13	<b>353,568</b>	353,568
Deposits paid for acquisition of computer software and property, plant and equipment		<b>5,742</b>	5,742
Derivative financial asset		-	156
		<b>527,448</b>	537,183
<b>Current assets</b>			
Trade and other receivables	14	<b>65,751</b>	52,848
Cash and cash equivalents		<b>917</b>	1,759
		<b>66,668</b>	54,607
<b>Current liabilities</b>			
Trade and other payables	15	<b>10,356</b>	204,864
Obligations under a finance lease		<b>236</b>	403
Other borrowings		<b>12,215</b>	10,300
Promissory notes	16	<b>18,540</b>	-
Convertible bonds	17	<b>94,023</b>	-
Tax payables		<b>593</b>	593
		<b>135,963</b>	216,160
<b>Net current liabilities</b>		<b>(69,295)</b>	(161,553)

# Condensed Consolidated Statement of Financial Position

At 30 September 2018  
(Expressed in Hong Kong dollars)

	<b>30 September 2018</b>	31 March 2018
<i>Note</i>	<b>HK\$'000 (Unaudited)</b>	HK\$'000 (Audited)
<b>Total assets less current liabilities</b>	<b>458,153</b>	375,630
<b>Non-current liabilities</b>		
Obligations under a finance lease	–	33
Promissory notes	16 <b>37,955</b>	12,816
Convertible bonds	17 <b>22,670</b>	–
Deferred tax liabilities	<b>3,214</b>	3,616
	<b>63,839</b>	16,465
<b>NET ASSETS</b>	<b>394,314</b>	359,165
<b>Capital and reserves</b>		
Share capital	18 <b>178,344</b>	163,106
Reserves	<b>162,211</b>	142,850
<b>Total equity attributable to owners of the Company</b>	<b>340,555</b>	305,956
<b>Non-controlling interests</b>	<b>53,759</b>	53,209
<b>TOTAL EQUITY</b>	<b>394,314</b>	359,165

The notes on pages 28 to 68 form part of these unaudited condensed consolidated interim financial statements.

# Condensed Consolidated Statement of Changes in Equity

At 30 September 2018

(Expressed in Hong Kong dollars)

	Attributable to the owners of the Company										Non-controlling interest	Total
	Share capital	Share premium	Special reserve	Contributed surplus	Convertible			Other reserve	Accumulated losses	Sub-total		
					reserve	bonds reserve	Capital reserve					
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2017 (Audited)												
balance brought forward from												
31 March 2017)	119,960	488,359	(22,470)	2,180,026	19,829	-	147	(2,504,160)	281,691	51,171	332,862	
Shares issued under placing	6,400	5,715	-	-	-	-	-	-	12,115	-	12,115	
Exercise of share options	746	1,283	-	-	(649)	-	-	-	1,380	-	1,380	
Other reserves realised	-	-	-	-	-	-	(147)	147	-	-	-	
Lapse of share options	-	-	-	-	(296)	-	-	296	-	-	-	
Loss for the period	-	-	-	-	-	-	-	(13,797)	(13,797)	(119)	(13,916)	
At 30 September 2017												
(Unaudited)	127,106	495,357	(22,470)	2,180,026	18,884	-	-	(2,517,514)	281,389	51,052	332,441	
At 1 April 2018 (Audited)												
balance brought forward from												
31 March 2018)	163,106	519,159	(22,470)	2,180,026	22,624	-	-	(2,556,489)	305,956	53,209	359,165	
Shares issued under placing	7,800	1,286	-	-	-	-	-	-	9,086	-	9,086	
Shares issued for settlement of debts	7,438	1,562	-	-	-	-	-	-	9,000	-	9,000	
Issuance of convertible bonds	-	-	-	-	-	38,587	-	-	38,587	-	38,587	
Loss for the period	-	-	-	-	-	-	-	(22,074)	(22,074)	550	(21,524)	
At 30 September 2018												
(unaudited)	178,344	522,007	(22,470)	2,180,026	22,624	38,587	-	(2,578,563)	340,555	53,759	394,314	

The notes on pages 28 to 68 form part of these unaudited condensed consolidated interim financial statements.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018  
(Expressed in Hong Kong dollars)

	<b>Six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash used in operating activities	<b>(16,408)</b>	(14,040)
Net cash used in investing activities	<b>(110)</b>	–
Net cash generated from financing activities	<b>15,676</b>	13,596
Net decrease in cash and cash equivalents	<b>(842)</b>	(444)
Cash and cash equivalents as at 1 April	<b>1,759</b>	1,175
Cash and cash equivalents as at 30 September	<b>917</b>	731

The notes on pages 28 to 68 form part of these unaudited condensed consolidated interim financial statements.

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 1. GENERAL INFORMATION

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

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

## 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 2018.

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

### (b) Going concern

In preparing the unaudited condensed consolidated interim financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2018. The Group incurred a consolidated net loss after taxation attributable to owners of the Company of approximately HK\$22,074,000 for the six months ended 30 September 2018, and had consolidated net current liabilities of approximately HK\$69,295,000 as at 30 September 2018. The net current liabilities were mainly contributed by the convertible bonds of the sum of HK\$94,023,000 issued in favour of Mr. Ng Man Sun. In this regard, Mr. Ng Man Sun confirmed with the Company that if, in any case, the Company is unable to fulfill its obligations of the convertible bonds by the mature date, he is willing to further extend the convertible bonds for a period of 24 months under the same terms.

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 2. BASIS OF PREPARATION (CONTINUED)

### (b) Going concern (CONTINUED)

In the opinion of the directors, in light of the aforesaid arrangement implemented to date, the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2018 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the unaudited condensed consolidated interim financial statements.

### (c) Judgments and estimates

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

In preparing these unaudited condensed consolidated interim financial statements, significant judgments made by the directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2018.

## 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 2018, 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.

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and the related amendments
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts
Amendments to HKAS 28	As part of the Annual Improvement to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of investment property

### (a) HKFRS 9 – Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 “Financial Instruments: Recognition and Measurement” that relate to the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) HKFRS 9 — Financial Instruments (CONTINUED)

In accordance with the transitional provisions in HKFRS 9, the Group has taken the exemption under HKFRS 9 not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in opening accumulated losses as at 1 April 2018. Accordingly, the information presented for 2018 has been presented, as previously reported, under HKAS 39.

#### (i) *Classification and measurement*

From 1 April 2018, all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) HKFRS 9 – Financial Instruments (CONTINUED)

#### (i) Classification and measurement (CONTINUED)

- debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (“FVTOCI”);
- all other debt investments and equity investments are subsequently measured at fair value through profit or loss (“FVTPL”).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is not held for trading in other comprehensive income; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) HKFRS 9 – Financial Instruments (CONTINUED)

#### (i) *Classification and measurement (CONTINUED)*

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment (see note (ii) below).

The adoption of HKFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

On 1 April 2018 (the date of initial application of HKFRS 9), the Group has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The following table shows the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 April 2018.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (a) HKFRS 9 — Financial Instruments (CONTINUED)

## (i) Classification and measurement (CONTINUED)

	Original measurement category under HKAS 39	New measurement category under HKFRS 9	Original carrying amount under HKAS 39 HK\$'000	New carrying amount under HKFRS 9 HK\$'000
Financial assets				
Derivative financial assets	FVTPL	FVTPL	156	156
Trade and other receivables	Amortised cost (loans and receivables)	Amortised cost	52,848	52,848
Cash and cash equivalents	Amortised cost (loans and receivables)	Amortised cost	1,759	1,759
			54,763	54,763
Financial liabilities				
Trade and other payables	Amortised cost	Amortised cost	20,864	20,864
Obligation under a finance lease	Amortised cost	Amortised cost	436	436
Other borrowing	Amortised cost	Amortised cost	10,300	10,300
Promissory notes	Amortised cost	Amortised cost	12,816	12,816
			44,416	44,416

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) HKFRS 9 – Financial Instruments (CONTINUED)

#### (i) Classification and measurement (CONTINUED)

The following table reconciles the carrying amounts of financial assets at amortised cost under HKAS 39 to the carrying amounts under HKFRS 9 on transition to HKFRS 9 on 1 April 2018.

	<b>Original carrying amount under HKAS 39</b> HK\$'000	<b>Remeasurement (note (ii))</b> HK\$'000	<b>New Carrying amount under HKFRS 9</b> HK\$'000
Trade and other receivables	52,848	–	52,848
Cash and cash equivalents	<u>1,759</u>	<u>–</u>	<u>1,759</u>
	<u>54,763</u>	<u>–</u>	<u>54,763</u>

#### (ii) Impairment

The impairment of financial assets has changed from the incurred loss model under HKAS 39 to the expected credit loss model under HKFRS 9. Under the new expected loss approach, it is no longer necessary for a loss event to occur before an impairment loss is recognised. Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets. The Group assesses on a forward looking basis the expected credit losses associated with debt instruments carried at amortised cost or FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) HKFRS 9 — Financial Instruments (CONTINUED)

#### (ii) Impairment (CONTINUED)

For trade and other receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical default experience, adjusted for factors that are specific to the debtors and an assessment of both the current as well as the forecast direction of conditions.

### (b) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. Considering the nature of the Group's principal activities, the adoption of HKFRS 15 does not have material impact on the Group's revenue recognition and HKFRS 15 had no material impact on amounts and/or disclosures reported in these unaudited condensed consolidated interim financial statements.



# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 4. SEGMENT REPORT

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

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

During the six months ended 30 September 2017, the Group principally has one operating segment, which is the investments in gaming and entertainment related businesses. Therefore, no segment revenue and results has been presented in these unaudited condensed consolidated interim financial statements for the six months ended 30 September 2017.

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 4. SEGMENT REPORT (CONTINUED)

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

### (a) Segment revenue and results

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 4. SEGMENT REPORT (CONTINUED)

### (a) Segment revenue and results (CONTINUED)

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

### (b) Segment assets and liabilities

	30 September 2018 (Unaudited)			31 March 2018 (Audited)		
	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	Total HK\$'000	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	Total HK\$'000
<b>Assets</b>						
Segment assets	141,883	94,858	236,741	136,484	97,614	234,098
Unallocated corporate assets			357,375			357,692
Consolidated total assets			594,116			591,790
<b>Liabilities</b>						
Segment liabilities	3,976	4,364	8,340	3,977	4,360	8,337
Unallocated corporate liabilities			191,462			224,288
Consolidated total liabilities			199,802			232,625

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 4. SEGMENT REPORT (CONTINUED)

### (b) Segment assets and liabilities (CONTINUED)

	30 September 2018 (Unaudited)				31 March 2018 (Audited)			
	Gaming and entertainment	AR/VR and mobile games solutions	Other	Total	Gaming and entertainment	AR/VR and mobile games solutions	Other	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information</b>								
Amounts included in the measure of segment profit or loss or segment assets								
Addition of property, plant and equipment	-	103	7	110	546	85	-	631
Depreciation of property, plant and equipment	2,640	55	298	2,993	5,213	39	639	5,891
Finance costs	-	-	4,455	4,455	-	-	1,160	1,160
Income tax (credit)/expenses	-	(402)	-	(402)	-	218	-	218
Amortisation of intangible assets	4,260	2,436	-	6,696	2,048	11,003	-	13,051

### (c) Major customer

Revenue of HK\$2,400,000 (2017: HK\$2,400,000) was receivable from Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology"), an associate of the Group, for the six months ended 30 September 2018.

No other single customer contracted 10% or more to the Group's revenue for the six months ended 30 September 2018.

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 4. SEGMENT REPORT (CONTINUED)

### (d) Geographical

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

	<b>Six months ended 30 September</b>	
	<b>2018 HK\$'000 (Unaudited)</b>	2017 HK\$'000 (Unaudited)
Macau	<b>2,400</b>	2,400
Republic of Vanuatu ("Vanuatu")	<b>6,828</b>	8,130
Hong Kong	<b>2,756</b>	–
Kingdom of Cambodia ("Cambodia")	<b>50,281</b>	–
	<b>62,265</b>	10,530

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

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Macau	<b>356,642</b>	357,660
Vanuatu	<b>8,992</b>	11,577
Hong Kong	<b>160,110</b>	166,032
Cambodia	<b>1,704</b>	1,758
	<b>527,448</b>	537,027

## 5. REVENUE

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

	<b>Six months ended 30 September</b>	
	<b>2018 HK\$'000 (Unaudited)</b>	2017 HK\$'000 (Unaudited)
Revenue from investments in gaming and entertainment related businesses		
– Investment in VIP gaming tables related operation	<b>1,800</b>	1,800
– Investment in slot machines related operation	<b>600</b>	600
– Investment in gaming operation in Vanuatu	<b>6,828</b>	8,130
– Investment in VIP room in Cambodia	<b>50,281</b>	–
Service income derived from AR/VR and mobile games solutions	<b>2,756</b>	–
	<b>62,265</b>	10,530

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 6. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest on promissory notes	<b>1,532</b>	–
Interest on convertible bonds	<b>2,798</b>	–
Finance charges on obligations under a finance lease	<b>5</b>	11
Interest on other borrowings	<b>120</b>	102
Total interest expense on financial liabilities not at fair value through profit or loss	<b>4,455</b>	113

## 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(a) Staff costs (including directors' emoluments)</b>		
Salaries, allowances and other benefits	<b>5,446</b>	4,035
Contributions to defined contribution retirement plans	<b>103</b>	62
	<b>5,549</b>	4,097
<b>(b) Other items</b>		
Depreciation of property, plant and equipment	<b>2,993</b>	2,909
Amortisation of intangible assets	<b>6,696</b>	7,083
Fair value change of derivative financial assets	<b>156</b>	222
Operation lease charges in respect of premises:		
– minimum lease payments	<b>5,635</b>	2,420

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 8. DIRECTORS' EMOLUMENTS

The summary of Directors' remuneration is as follows:

### For the six months ended 30 September 2018

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

### For the six months ended 30 September 2017

	Directors' fee HK\$'000 (Unaudited)	Salaries, allowances and benefits-in-kind HK\$'000 (Unaudited)	Retirement scheme contributions HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Executive Directors	–	2,148	9	2,157
Independent Non-executive Directors	222	–	–	222
	<b>222</b>	<b>2,148</b>	<b>9</b>	<b>2,379</b>

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 9. INCOME TAX

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

	<b>Six months ended 30 September</b>	
	<b>2018 HK\$'000 (Unaudited)</b>	2017 HK\$'000 (Unaudited)
Deferred tax In respect of current period	<b>402</b>	—

## 10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: Nil).

## 11. LOSS PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share was based on the unaudited loss attributable to owners of the Company of approximately HK\$22,074,000 (2017: HK\$13,797,000) and the weighted average number of 832,332,000 (2017: 611,890,000) ordinary shares in issue during the Period under Review.

### (b) Diluted loss per share

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 11. LOSS PER SHARE (CONTINUED)

### (b) Diluted loss per share (CONTINUED)

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2017 in respect of a potential dilution of share options as the impact of the share options had an anti-dilutive effect on the basic loss per share amounts presented.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group has acquired items of property, plant and equipment with a cost of HK\$110,000 (six months ended 30 September 2017: Nil). No item of property, plant and equipment was disposed of during the six months ended 30 September 2018 and 30 September 2017.

## 13. INTEREST IN AN ASSOCIATE

The financial information of Greek Mythology is not available since 1 April 2012. The interest in the associate was accounted for in the unaudited condensed consolidated interim financial statements under the equity method using the unaudited financial information of the associate as at 31 March 2012. The carrying amount of the interest in an associate of HK\$1,191,209,000 brought forward from 1 April 2013 was carried forward to 31 March 2018.

During the year ended 31 March 2017, the Group assessed the recoverable amounts of investment in associate and an impairment loss of approximately HK\$837,641,000 was recognised in the consolidated statement of profit or loss.

Therefore, the carrying amount of the interest in an associate was HK\$353,568,000 as at 31 March 2018 and 30 September 2018.

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 14. TRADE AND OTHER RECEIVABLES

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Trade receivables	<b>2,905</b>	2,618
Other receivables	<b>55,643</b>	45,955
Less: impairment loss	<b>(25,300)</b>	(25,300)
	<b>30,343</b>	20,655
Due from an associate	<b>28,500</b>	26,100
Rental and other deposits	<b>3,361</b>	2,360
Loans and receivables	<b>65,109</b>	51,733
Prepayments	<b>642</b>	1,115
	<b>65,751</b>	52,848

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 15. TRADE AND OTHER PAYABLES

		<b>30 September 2018</b>	31 March 2018
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
Trade payables		<b>45</b>	—
Accruals and other payables	a	<b>9,827</b>	204,380
Due to related companies	b	<b>484</b>	484
		<b>10,356</b>	204,864

*Notes:*

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

- (a) Included in Group's accruals and other payables as at 30 September 2017, represents the payables of promissory notes of HK\$190,000,000 which was settled in the six months ended 30 September 2018. For details, please refer to note 16.
- (b) The amounts due to related companies are unsecured, non-interest bearing and repayable on demand.

## 16. PROMISSORY NOTES

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
At the beginning of the period/ year	<b>12,816</b>	–
Issuance of promissory notes	<b>50,000</b>	14,000
Fair value adjustment	<b>(7,853)</b>	(1,510)
Effective interest on promissory notes	<b>1,532</b>	326
At the end of the period/year	<b>56,495</b>	12,816
Portion classified as current liabilities	<b>(18,540)</b>	–
Non-current portion	<b>37,955</b>	12,816

*Notes:*

- (a) On 18 October 2017, the Company issued unsecured promissory notes with principal value of HK\$14,000,000 for the acquisition of Explicitly Grand Investments Limited. The promissory notes are interest free and fall due on 17 October 2019. The fair values of the promissory notes at date of issuance was HK\$12,490,000. The promissory notes are subsequently measured at amortised cost, using effective interest rate of 5.87%. As at 30 September 2018, imputed interest of approximately HK\$372,000 (31 March 2018: HK\$326,000) was charged to profit or loss.
- (b) In 2006, the Company issued promissory notes to directors of Greek Mythology and certain independent third parties with total face value of approximately HK\$1,454,722,000 as part of the consideration for the further 30% equity interest in Greek Mythology. The promissory notes were unsecured, non-interest bearing and repayable in 2016.

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 16. PROMISSORY NOTES (CONTINUED)

*Notes:* (CONTINUED)

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

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

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

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

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

## 16. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(c) (CONTINUED)

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

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

and

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 16. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(c) (CONTINUED)

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

The PN1 and PN2 are interest free and fall due on 23 April 2019 and 23 January 2020 respectively. The fair values of PN1 and PN2 at the date of issuance were approximately HK\$18,064,000 and HK\$24,083,000 respectively. The PN1 and PN2 are subsequently measured at amortised cost, using effective interest rate of 14.53% and 15.73% respectively. As at 30 September 2018, imputed interest of PN1 and PN2 were approximately HK\$476,000 and HK\$684,000 respectively and were charged to profit or loss.

## 17. CONVERTIBLE BONDS

The liabilities component of convertible bonds is as follows:

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
CB1	<b>22,670</b>	—
CB2	<b>94,023</b>	—
	<b>116,693</b>	—
At the end of the period/year Portion classified as current liabilities	<b>(94,023)</b>	—
Non-current portion	<b>22,670</b>	—

## 17. CONVERTIBLE BONDS (CONTINUED)

As mentioned in note 16 to the condensed consolidated interim financial statements, the Company issued CB1 and CB2 to settle part of the PNs.

### CB1

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

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 17. CONVERTIBLE BONDS (CONTINUED)

### CB1 (CONTINUED)

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

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

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
At the beginning of the period/ year	—	—
Measured at fair value on initial recognition	<b>36,415</b>	—
Less: equity component (being the conversion option)	<b>(14,320)</b>	—
The liability component	<b>22,095</b>	—
Interest expense (base on effective interest)	<b>575</b>	—
At the end of the period/year	<b>22,670</b>	—

## 17. CONVERTIBLE BONDS (CONTINUED)

### CB2

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

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

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 17. CONVERTIBLE BONDS (CONTINUED)

### CB2 (CONTINUED)

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

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
At the beginning of the period/ year	—	—
Measured at fair value on initial recognition	<b>116,067</b>	—
Less: equity component (being the conversion option)	<b>(24,267)</b>	—
The liability component without the early redemption option	<b>91,800</b>	—
Interest expense (base on effective interest)	<b>2,223</b>	—
At the end of the period/year	<b>94,023</b>	—

## 18. SHARE CAPITAL

	<i>Note</i>	<b>Number of ordinary shares of HK\$0.2 per share</b> '000	HK\$'000
<b>Authorised:</b>			
At 31 March 2018, 1 April 2018 and 30 September 2018		<u>2,000,000</u>	<u>400,000</u>
<b>Issued and fully paid:</b>			
At 31 March 2018 and 1 April 2018		815,530	163,106
Shares issued under placing	a	39,000	7,800
Shares issued for settlement of debts	b	<u>37,188</u>	<u>7,438</u>
At 30 September 2018		<u>891,718</u>	<u>178,344</u>

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 18. SHARE CAPITAL (CONTINUED)

*Notes:*

- (a) Shares issued under placing

On 7 August 2018, pursuant to the placing and subscription agreement dated 24 July 2018, 39,000,000 ordinary shares of HK\$0.2 each were allotted and issued at the price of HK\$0.238 per share. The net proceed of approximately HK\$9,086,000 was used for general working capital and repayment of other borrowings of the Group. Amount of HK\$7,800,000 was recorded as increase in share capital and the remaining proceeds of approximately HK\$1,286,000 was recorded as share premium.

- (b) Shares issued for settlement of debts

On 6 September 2018, pursuant to the subscription agreements dated 28 August 2018, 37,188,000 ordinary shares of HK\$0.2 each were allotted and issued at the price of HK\$0.242 per share to the subscribers to settle the debts amount in an aggregate sum of HK\$9 million due from the Company. HK\$7,438,000 was credited to share capital and the balance of HK\$1,562,000 was credited to the share premium account.

## 19. 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.

## 19. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

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

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 19. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

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

The number and exercise prices of the share options are adjusted as a result of the completion of open offer on 16 May 2016 in the proportion of one offer shares for every two existing shares held. The exercise prices shown as below represent the adjusted exercise prices as at 30 September 2018.

	30 September 2018		31 March 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
At beginning of reporting period	47,632,000	0.570	22,281,000	0.906
Granted during the period/year	—	—	29,330,000	0.297
Exercised during the period/year	—	—	(3,731,000)	0.370
Lapsed during the period/year	—	—	(248,000)	1.345
Outstanding at end of reporting period	47,632,000	0.570	47,632,000	0.570
Exercisable at end of reporting period	47,632,000	0.570	47,632,000	0.570

## 19. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

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

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

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 19. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

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

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

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

### Fair value of share options and assumptions

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

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

**19. SHARE OPTION SCHEME** (CONTINUED)

## Fair value of share options and assumptions (CONTINUED)

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

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

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

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2018

## 19. SHARE OPTION SCHEME (CONTINUED)

### Fair value of share options and assumptions (CONTINUED)

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

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

#### (ii) *Grant to service providers*

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

## 20. COMMITMENT

### Operating lease commitment

At 30 September 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>30 September 2018 HK\$'000 (Unaudited)</b>	31 March 2018 HK\$'000 (Audited)
Within one year	<b>8,150</b>	9,437
In the second to fifth year	<b>9,457</b>	14,796
	<b>17,607</b>	24,233

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

## 21. MATERIAL RELATED PARTY TRANSACTIONS

Directors' emoluments for the six months ended 30 September 2018 are disclosed in note 8.

## 22. EVENTS AFTER THE REPORTING PERIOD

### Continuing Connected Transactions

On 11 October 2018, Victor Mind Global Limited ("VMG") (a wholly-owned subsidiary of the Company) and Cheung Shing Global Travel Entertainment Limited ("CSG") entered into the Service Agreement, pursuant to which VMG shall provide technical and pre-opening services to CSG during the planning, design, decoration and pre-opening phases of the Casino.

As CSG is wholly-owned by Mr. Ng who is an executive Director, Chairman, Chief Executive Officer of the Company and a Shareholder holding 57,468,626 Shares together with his associates, representing approximately 6.44% of the total issued share capital of the Company, CSG is regarded as a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Detail of the continuing connected transactions are set out in the Company's announcement dated 11 October 2018.