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## **AMAX INTERNATIONAL HOLDINGS LIMITED**

**奧瑪仕國際控股有限公司\***

**(Formerly known as Amax Holdings Limited)**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014**

#### **FINANCIAL HIGHLIGHTS**

- The financial information of Greek Mythology, an associate of the Company which has significant impact on 2014 Annual Results of the Group, is unavailable to the Company. In order to reflect the current available financial information to shareholders, the Company decided to present all significant financial information excluding the financial information of Greek Mythology.
- Net profit for the financial year ended 31 March 2014 amounts to approximately HK\$65.4 million, compared to a net loss of approximately HK\$39.4 million for the financial year ended 31 March 2013.
- The net profit was primarily attributable to the recognition of a one-off gain of HK\$102 million arising from the disposal of Ace High Group Limited, a wholly-owned subsidiary of the Company.
- Earnings per share amounts to approximately HK\$0.30 compared to the loss per share of approximately HK\$0.19 last year.
- The Group's net assets amount to approximately HK\$1,121 million, increased by approximately HK\$94.1 million and represent approximately 9% increase as compared to the figure last year.

The board (the “Board”) of directors (the “Directors”) of Amax International Holdings Limited (“Amax” or the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 31 March 2014 (the “2014 Annual Results”), as follows:

The 2014 Annual Results of the Group do not reflect the actual performances of Greek Mythology, an associate of the Company, and the Group due to the failure in accessing Greek Mythology’s financial information in a timely manner. The Company will make further announcement once relevant financial information of the associate is obtained.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	<i>Note</i>	<b>2014</b> <i>HK\$’000</i>	2013 <i>HK\$’000</i>
<b>Turnover</b>	4	<b>4,965</b>	5,494
Cost of sales		<u>(71)</u>	<u>(432)</u>
<b>Gross profit</b>		<b>4,894</b>	5,062
Fair value gain on investment properties		<b>7,840</b>	1,890
Other revenue and other net income	4	<b>161</b>	46
Selling and distribution expenses		<b>(1,097)</b>	(1,834)
General and administrative expenses		<b>(37,480)</b>	(34,374)
Gain on disposal on a subsidiary	6	<b>102,437</b>	—
Share of profit of associate		—	—
Finance costs	7	<b>(11,368)</b>	(10,174)
<b>Profit/(loss) before taxation</b>	5	<b>65,387</b>	(39,384)
Income tax	8	—	—
<b>Profit/(loss) for the year</b>		<b><u>65,387</u></b>	<b><u>(39,384)</u></b>
<b>Attributable to:</b>			
Owners of the Company		<b>66,662</b>	(38,632)
Non-controlling interests		<b>(1,275)</b>	(752)
<b>Profit/(loss) for the year</b>		<b><u>65,387</u></b>	<b><u>(39,384)</u></b>
<b>Earnings/(loss) per share</b>	10		
Basic ( <i>HK cents</i> )		<b><u>30.13</u></b>	<b><u>(18.60)</u></b>
Diluted ( <i>HK cents</i> )		<b><u>30.13</u></b>	<b><u>(18.60)</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Profit/(loss) for the year</b>	<b>65,387</b>	<b>(39,384)</b>
<b>Other comprehensive income/(loss) for the year:</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>13</u>	<u>19</u>
<b>Total comprehensive income/(loss) for the year</b>	<b><u>65,400</u></b>	<b><u>(39,365)</u></b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>		
Owners of the Company	<b>66,675</b>	<b>(38,617)</b>
Non-controlling interests	<b><u>(1,275)</u></b>	<b><u>(748)</u></b>
	<b><u>65,400</u></b>	<b><u>(39,365)</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 31 March 2014*

	<i>Note</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,639</b>	1,620
Investment properties		<b>14,150</b>	6,310
Goodwill		—	—
Intangible assets		<b>12,273</b>	14,319
Interest in an associate		<b>1,191,209</b>	1,191,209
Other financial assets		—	—
		<b>1,219,271</b>	1,213,458
<b>CURRENT ASSETS</b>			
Trade and other receivables	11	<b>83,008</b>	76,811
Cash and cash equivalents		<b>3,962</b>	1,199
		<b>86,970</b>	78,010
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>7,495</b>	108,593
Obligations under a finance lease		<b>139</b>	134
Other borrowing		<b>11,000</b>	—
		<b>18,634</b>	108,727
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>68,336</b>	(30,717)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,287,607</b>	1,182,741
<b>NON-CURRENT LIABILITIES</b>			
Promissory notes		<b>166,074</b>	155,210
Obligations under a finance lease		<b>320</b>	459
		<b>166,394</b>	155,669
<b>NET ASSETS</b>		<b>1,121,213</b>	1,027,072
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>45,647</b>	41,527
Reserves		<b>1,074,969</b>	985,890
Total equity attributable to owners of the Company		<b>1,120,616</b>	1,027,417
Non-controlling interests		<b>597</b>	(345)
<b>TOTAL EQUITY</b>		<b>1,121,213</b>	1,027,072

## 1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31st March, 2014 but are extracted from those financial statements. The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

## 2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures-Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 3. SEGMENT INFORMATION

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

### (a) Geographical information

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

	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Macau	<b>4,800</b>	4,800
PRC (excluding Macau and Hong Kong)	<b>165</b>	694
	<b><u>4,965</u></b>	<u>5,494</u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Macau	1,203,482	1,205,528
PRC	396	752
Hong Kong	15,393	7,178
	<u>1,219,271</u>	<u>1,213,458</u>

**(b) Major customer**

Revenue of HK\$4,800,000 (2013: HK\$4,800,000) was received from Greek Mythology for the year ended 31 March 2014.

**4. TURNOVER, OTHER REVENUE AND OTHER NET INCOME**

**(a) Turnover**

The Group is principally engaged in investment holding and investments in gaming and entertainment related business.

Turnover comprises the following:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Income from investments in certain gaming tables and slot machines operations in Greek Mythology Casino in Macau	4,800	4,800
Commission income on provision of services to Guangxi Public Welfare Lottery Issue Centre	165	694
	<u>4,965</u>	<u>5,494</u>

**(b) Other revenue and other net income**

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Other revenue</b>		
Interest income from banks	2	1
Gross rental income from investment properties	74	152
Sundry income	129	4
	<u>205</u>	<u>157</u>
<b>Other net income</b>		
Loss on disposal of property, plant and equipment	(56)	(78)
Net exchange gain/(loss)	12	(33)
	<u>(44)</u>	<u>(111)</u>
	<u>161</u>	<u>46</u>

## 5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>(a) Staff costs (including directors' emoluments):</b>		
Equity-settled share-based payment expenses	4,586	2,681
Salaries, allowances and other benefits	8,211	10,065
Contribution to define contribution retirement plans	170	310
	<u>12,967</u>	<u>13,056</u>
<b>(b) Other items:</b>		
Amortisation of intangible assets	2,046	2,046
Auditor's remuneration	720	720
Equity-settled share-based payment expenses	4,764	4,764
Rental income from investment properties less direct outgoings of HK\$Nil (2013:HK\$80,000)	(74)	(72)
Depreciation of property, plant and equipment	746	952
Loss on disposal of property, plant and equipment	56	78
Operating lease charges in respect of premises: — minimum lease payments	2,590	1,631
	<u>2,590</u>	<u>1,631</u>

## 6. DISPOSAL OF A SUBSIDIARY

On 28 February 2014, the Group disposed of its entire equity interest in Ace High Group Limited ("Ace High"), a wholly-owned subsidiary of the Group, to an independent third party, at cash consideration of HK\$1,000. The principal activity of Ace High is investment in junket related operation.

The net liabilities of Ace High at the date of disposal were as follows:

	<i>HK\$'000</i>
Other financial assets	2,095,268
Impairment loss	(2,095,268)
Other receivables	3
20% share of profits from AMA payable to Mr. Albino	(102,439)
	<u>(102,436)</u>
Net liabilities disposed of	(102,436)
Gain on disposal of a subsidiary	102,437
	<u>1</u>

## 7. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on promissory notes	10,864	10,153
Finance charges on obligations under a finance lease	20	21
Interest on other borrowing	484	—
	<u>11,368</u>	<u>10,174</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>11,368</u>	<u>10,174</u>

## 8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

No provision for Hong Kong Profits Tax, Macau Complementary Income Tax and People’s Republic of China (“PRC”) Enterprise Income Tax has been made (2013: HK\$Nil) as the companies in the Group have no assessable profits for the year in the relevant tax jurisdictions.

## 9. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: Nil).

## 10. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company of HK\$66,662,000 (2013: loss of HK\$38,632,000) and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2014 ’000	2013 ’000
Issued ordinary shares at 1 April	207,633	4,152,656
Effect of share consolidation	—	(3,945,023)
Effect of share issue under placing	13,588	—
	<u>221,221</u>	<u>207,633</u>
Weighted average number of ordinary shares at 31 March	<u>221,221</u>	<u>207,633</u>

### (b) Diluted earnings/(loss) per share

The computation of diluted earnings/(loss) per share does not assume the exercise of the Company’s outstanding share options as the exercise price of those options is higher than the average market price for both years ended 31 March 2014 and 2013.

## 11. TRADE AND OTHER RECEIVABLES

	Note	2014 HK\$’000	2013 HK\$’000
Trade receivables	(a)	468,294	468,294
Less: Allowance for doubtful debts		<u>(468,294)</u>	<u>(468,294)</u>
		—	—
Other receivables		3,213	3,275
Due from an associate		<u>75,165</u>	<u>70,365</u>
		—	—
Loans and receivables		78,378	73,640
Rental and other deposits		1,252	437
Prepayments		<u>3,378</u>	<u>2,734</u>
		<u>83,008</u>	<u>76,811</u>

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.



(a) Trade receivables

Transfer of profits of AMA

The transfer of profits of AMA for the periods prior to 1 April 2009 and has been overdue for over 4 years (2013: overdue for over 3 years). Due to financial difficulties of AMA, an impairment loss of HK\$468,294,000 was recognised in the year ended 31 March 2010.

12. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	(a)	<b>962</b>	912
Accruals and other payables	(b)	<b>6,377</b>	107,525
Due to related companies		<b>156</b>	156
		<hr/>	<hr/>
Financial liabilities measured at amortised cost		<b>7,495</b>	108,593
		<hr/> <hr/>	<hr/> <hr/>

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

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

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 1 month	<b>109</b>	59
Over 1 year	<b>853</b>	853
	<hr/>	<hr/>
	<b>962</b>	912
	<hr/> <hr/>	<hr/> <hr/>

(b) Included in accruals and other payables as at 31 March 2013 was the entitlement of the 20% share of profits from AMA payable to Mr. Albino amounting to HK\$102,439,000 and was disposed of as referred to in note 6.

**EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

**BASIS FOR DISCLAIMER OF OPINION**

**(1) Scope limitation — Interest in Greek Mythology and share of results of Greek Mythology**

- (a) As detailed in the auditor's report dated 29 June 2012, the predecessor auditor disclaimed their opinion on the Group's financial statements for the year ended 31 March 2012 because of the significance of the possible effects of the limitation in evidence made available to them such that they were unable to satisfy themselves as to whether, the prior year's adjustments which have been reported in the financial statements for the year ended 31 March 2012 made by the Group for the financial statements for the year ended 31 March 2011 for recognising a dilution of its equity interest in an associate, Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology") from 49.9% to 24.8% which was effective on 8 November 2010 were free from material misstatement. These adjustments may have significant cumulative effect to the carrying amount of the Group's and the Company's interest in Greek Mythology as at 31 March 2012; and
- (b) The management of Greek Mythology did not cooperate with the management of the Group and denied the Group's access to their books and records. In addition, no audited financial statements of Greek Mythology since 31 March 2010 were available. We were therefore unable to determine the Group's share of results of Greek Mythology since the year ended 31 March 2010.

Due to the lack of sufficient appropriate audit evidence, we were unable to satisfy ourselves as to whether Greek Mythology was properly accounted for as an associate, and whether the carrying amount of the Group's and the Company's interest in Greek Mythology of HK\$1,191,209,000 as at 31 March 2013 and 31 March 2014, and the Group's share of results of Greek Mythology for the year ended 31 March 2013 and 31 March 2014 were free from material misstatement. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments to the amounts were necessary.

Any adjustments that might have been found to be necessary in respect of the above would have had a consequential effect on (i) the Group's and the Company's interest in Greek Mythology and (ii) the results for the years ended 31 March 2013 and 2014 and the Group's net assets as at 1 April 2012, 31 March 2013 and 2014 and related disclosures in the consolidated financial statements.

**(2) Scope limitation — Recoverability of amount due from Greek Mythology and valuation of intangible assets**

- (a) Included in the Group's trade and other receivables of HK\$83,008,000 as at 31 March 2014 was an amount of HK\$75,165,000 due from Greek Mythology. We were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of making any provision for the impairment of this amount because (i) we were unable to carry out effective confirmation procedures in relation to the balance receivable for the purpose of our audit; and (ii) there is no information available for us to assess the financial position of Greek Mythology from which the management of the Group was denied access to their books and records as mentioned in the basis for disclaimer opinion paragraph (1). There are no other satisfactory audit procedures that we could adopt to determine whether recoverability of amount due from Greek Mythology and its recognition were free from material misstatement.

(b) Included in the consolidated statement of financial position as at 31 March 2014 are intangible assets, being the rights granted to Greek Mythology to operate and manage certain gaming tables and slot machines, with a carrying amount of HK\$12,273,000. No impairment has been made for the year in this aspect as the directors of the Company determined that the value in use of the rights exceeded their carrying amount based on the cash flow projections and financial budgets prepared by the directors. However, we were unable to obtain sufficient appropriate audit evidence to ascertain whether the cash flow projections and financial budgets were properly prepared. We were therefore unable to satisfy ourselves as to whether the carrying amount of the intangible assets as at 31 March 2014 was fairly stated.

Any adjustments that might have been found to be necessary in respect of the matters mentioned above would have a consequential effect on the results for the years ended 31 March 2013 and 31 March 2014 and the Group's net assets as at 31 March 2013 and 31 March 2014 and related disclosures in the consolidated financial statements.

### **(3) Scope limitation — Gain on disposal of a subsidiary**

During the year ended 31 March 2014, there is a gain on disposal of subsidiary, Ace High Group Limited ("Ace High"), amounting to HK\$102,437,000. The gain was calculated based on the consideration of disposal of HK\$1,000 and Ace High's net liabilities of HK\$102,436,000 at the date of disposal. Ace High's statement of financial position at the date of disposal comprised a fully impaired available-for-sale financial asset with cost of HK\$2,095,268,000 less accumulated impairment of the same amount. We were unable to obtain sufficient appropriate audit evidence on whether the carrying amount of the available-for-sale financial asset was fairly stated and whether the accumulated impairment loss was free from material misstatement. Consequently, we were unable to ascertain Ace High's net liabilities as at the date of disposal and hence the gain from the disposal.

### **Disclaimer of opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the Group's profit for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Directors of the Company reports the audited consolidated results of the Group for the year ended 31 March 2014 (the “year under review”). The audited annual results have been reviewed by the Audit Committee of the Company.

### FINANCIAL REVIEW

The 2014 Annual Results of the Group do not reflect the actual performances of Greek Mythology, an associate of the Company, and the Group due to the failure in accessing Greek Mythology’s financial information in a timely manner. The Company will make further announcement once relevant financial information of the associate is obtained.

The Group is principally engaged in investments in gaming and entertainment related business. During the year under review, the Group continued its effort in consolidating its business resources and expanding its core business beyond Macau with an aim to generating long-term value for the shareholders.

The Group recorded a net profit of approximately HK\$65.4 million for the year under review compared to a net loss of approximately HK\$39.4 million for the financial year ended 31 March 2013. The net profit was primarily attributable to the recognition of a one-off gain of HK\$102 million arising from the disposal of Ace High Group Limited, a wholly-owned subsidiary, in February 2014. Ace High Group Limited, which its principal activities is the investment in junket related operation, was at net liability position at the time of disposal.

The Group holds 24.8% equity interest in its associate Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology”). During the year under review, the financial information of Greek Mythology was unavailable. The Company expected such information to have significant impact on the 2014 annual results of the Group. Hence, the 2014 Annual Results do not reflect the actual performances of Greek Mythology and the Group.

Other investments of the Group included Nanning Inter-Joy LOTTO Information Service Co. Ltd. (“LE-Guangxi”), a subsidiary of the Company which is primarily engaged in distribution of a proprietary electronic lottery sales system in Guangxi, China. During the year under review, commission income from the provision of service amounted to HK\$165,000, as compared to HK\$694,000 for the corresponding period last year. The decrease in income was due to the change of business model as mentioned in the business overview section below.

The turnover of the Group was approximately HK\$4.97 million for the year under review, as compared to approximately HK\$5.49 million for the corresponding period last year. The drop in turnover for the year under review was mainly attributable to the ongoing implementation of the change of the Group’s business model. The Group’s main sources of revenue were rental income on gaming tables and slot machines of approximately HK\$4.8 million generated by its wholly owned subsidiaries.

On 20 June 2014, the Group has sold the retail shops, which were held by the Group as investment properties, at a consideration of HK\$14.15 million.

## **BUSINESS OVERVIEW**

In 2013, the revenue of the gaming sector in Macau rose 18.6%, reaching a record high of MOP360.7 billion or HK\$350.2 billion. The Group is of the view that maintaining a high growth rate of the sector will be a challenge in 2014 as the Macau government has imposed measures to control the expansion of the gaming sector by constraining the supply of gaming tables. In view of a slowed growth in the Macau gaming sector, especially in the high roller segment, the Group further consolidated its business resources and sought to expand its core business outside Macau to absorb the unfulfilled demand from high rollers in Asia, who are more willing to visit casinos outside Macau.

### **Greek Mythology**

Greek Mythology currently has approximately 20 VIP gaming rooms and a gaming floor targeting mid-range to high-end market customers from the People's Republic of China (the "PRC") and other Asian regions.

The Company has taken continuous actions in an attempt to obtain the financial information of Greek Mythology, which is believed to have significant impact on the Group's results. In February 2014, the Company filed a court action in Macau against Greek Mythology in relation to its failure to provide the annual accounts to its shareholders. The Court of First Instance of Macau Special Administrative Region ruled on 19 May 2014 that the administrator of Greek Mythology shall within 60 days provide to the Company with its management accounts for the year ended 31 December 2012. On the other hand, the request to allow the auditor(s) appointed by the Court to conduct audit on the abovementioned management accounts was denied.

On 18 June 2014, the Company filed with the Court of First Instance of Macau, SAR, includes a full statement of claim whereby the Company seek the relief and claim that the Associate do, within 60 days, provide its management accounts to the Company for the year ended 31 December 2013.

### **Acquisition in Vanuatu**

During the year under review, the Group has been in active negotiation over the acquisition of a 60% interest of Forenzia Enterprises Limited ("Forenzia Enterprises"). Forenzia Enterprises, through its wholly-owned subsidiaries, holds an interactive gaming license valid for a period of 15 years in the Republic of Vanuatu. The acquisition, once completed, will allow the Group to enter the gaming sector of Vanuatu.

The management of the Company is optimistic about the gaming business prospects in Vanuatu based on its stable political environment, high accessibility from major Asian cities, low tax, as well as governmental support for the development of its gaming sector.

### **LE-Guangxi**

Through Le Rainbow China Limited ("LE-China"), the Group currently holds 75% beneficial equity interest in LE-Guangxi. As a lottery related service company in cooperation with the Guangxi Welfare Lottery Issue Centre, LE-Guangxi was previously engaged in distribution of a proprietary electronic lottery sales system in Guangxi for its sales location providers and self-operated lottery parlors which aimed at high-end players.

In January 2014, LE-Guangxi entered into an agreement with Guangxi Welfare Lottery Issue Centre to develop an automated lottery selling system (the "System") for the latter. The System allows customers to buy lottery tickets on mobile devices. With a service duration of 4 years, LE-Guangxi

will provide operating management and maintenance services after the System is put into use. In return, Guangxi Welfare Lottery Issue Centre will pay LE-Guangxi a 3.5% commission based on the mobile device sales.

It is expected that the implementation of the System allows LE-Guangxi to reach more potential customers than that of the previous business model.

### **Disposal of Ace High Group Limited**

The Group disposed of Ace High Group Limited in February 2014 to further consolidate its gaming resources and focus on businesses that can generate higher value to the Group. The one-off gain from the disposal helped the Group return to a net profit position for the year under review. In addition, as the liability of Ace High Group Limited is no longer borne by the Group, the Group has restored to a net current asset position after the disposal.

### **Change of Company Name**

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

### **Change of Company Secretary and appointment of Compliance Advisor**

During the year under review, the Company appointed Mr. Cheung Tai Chi as company secretary and an authorised representative. Mr. Cheung is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

The Company took voluntary measures to enhance corporate governance by ensuring sound compliance and risk control. The Company appointed South China Capital Limited as the Compliance Advisor to conduct a review of the existing compliance structure of the Company and make recommendations to the Company for its enhancement. After reviewing the Compliance Advisor's reports, the Board is of the view that the improved internal control system and enhanced compliance structure are adequate for procuring the Company's Listing Rules compliance.

### **Prospects and outlook**

Leveraging its extensive experience in the gaming and entertainment industry, the Group proactively seeks investment opportunities outside Macau. In the coming year, the management will strive to conclude the acquisition in Vanuatu and turn it into a growth driver for the Group. With its experience in casino operation and expertise in gaming sector, the management of the Group is optimistic in the development of gaming business in Vanuatu, capturing the rising opportunities in the Asia Pacific region.

The cooperation with Guangxi Welfare Lottery Issue Centre in developing the automated lottery selling system will be another growth opportunity for the Group. Players can log-in online automated lottery system through their mobile devices. With the fast growing number of mobile device users in the PRC, it is expected that online lottery selling system will be increasingly popular and provide stable income to the Group in the future.

As an investment holding company, the Group will continue to identify other investment prospects worldwide. Looking forward, the Group will develop a diverse investment portfolio and multiple income sources to generate long-term value for its investors and shareholders.

## **Other Financial Items**

### *Consolidated Income Statement*

- the Group's selling and distribution expenses amounted to approximately HK\$1.10 million in 2014, compared to approximately HK\$1.83 million for the same period in 2013, representing approximately 40.0% decrease in expenses. This was primarily due to the decrease of selling expenses in LE-Guangxi.
- General and administrative expenses were approximately HK\$37.5 million in 2014, as compared to approximately HK\$34.4 million for the same period in 2013, representing an increase of approximately 9.0%.
- Finance costs of the Group were approximately HK\$11.4 million in 2014, as compared to approximately HK\$10.2 million for the same period in 2013, representing an increase of approximately 11.8%.

### *Consolidated Statement of Financial Position*

- Value of investment properties owned by the Group was HK\$14.15 million as at 31 March 2014, compared to approximately HK\$6.31 million for the same period in 2013, representing an increase of approximately 124%.
- trade and other receivables as at 31 March 2014 were approximately HK\$83.0 million (31 March 2013: approximately HK\$76.8 million).
- Cash and cash equivalents as at 31 March 2014 were approximately HK\$4.0 million, compared to approximately HK\$1.2 million at the same time in 2013.
- trade and other payables as at 31 March 2014 were approximately HK\$7.5 million (31 March 2013: approximately HK\$108.6 million). The decrease was due to the disposal of Ace High Group Limited as stated in note 7.
- Promissory notes as at 31 March 2014 were HK\$166.1 million (31 March 2013: HK\$155.2 million). The Group had an obligation under a finance lease of HK\$459,000 (2013: HK\$593,000) as at 31 March 2014.

## **Final Dividend**

The board of Directors of the Company does not recommend the payment of a final dividend as at 31 March 2014, there was no interim dividend payment during the financial year.

## **Liquidity and Financial Resources**

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

As at 31 March 2014, the Group had total assets and net assets of approximately HK\$1,306 million (2013: approximately HK\$1,292 million) and HK\$1,121 million (2013: approximately HK\$1,027 million), comprising non-current assets of approximately HK\$1,219 million (2013: approximately HK\$1,213 million) and current assets of approximately HK\$87 million (2013: approximately HK\$78 million) which were financed by shareholders' funds of approximately HK\$1,121 million (2013: approximately HK\$1,027 million). Non-controlling interests of approximately HK\$0.60 million (2013: approximately HK\$(0.35) million), current liabilities of approximately HK\$18.6 million (2013: approximately HK\$109 million) and non-current liabilities of approximately HK\$166 million (2013: approximately HK\$156 million).

As at 31 March 2014, the Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 17% (2013: 26%). As at 31 March 2014, the Group recorded a net cash inflow of approximately HK\$2.7 million (2013: outflow of approximately HK\$27 million). As at 31 March 2014, the Group had cash and cash equivalents of approximately HK\$4.0 million (2013: approximately HK\$1.2 million).

### **Foreign Exchange and Currency Risks**

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

### **Employees and Remuneration Policy**

As at 31 March 2014, the Group had employees in Hong Kong and Macau, 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 by 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 and the Company had no significant contingent liabilities as at 31 March 2014.

### **Investor Relations**

The Group believes that maintaining active communication and operational transparency is vital to building good investor relations. During the year, the Group has retained a professional public relation company to maintain continuous communication with various investors and held meetings regularly with analysts and institutional investors from around the world, if appropriate.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with all code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules throughout the year ended 31 March 2014 with the exception of certain deviations as further explained below.

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



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

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

None of the non-executive directors (the “Non-executive Directors”) of the Company, being all existing independent non-executive directors (“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 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 Independent Non-executive Director and has grounds to believe that they are independent of the Company.

The Company periodically reviews its corporate governance practices and policy to ensure that they continue to meet the requirements of the CG Code, and acknowledges the important role of the Board in providing effective leadership and direction to the Company’s business, and ensuring transparency and accountability of the Company’s operations.

As such, the Company considers that sufficient measures have been in place to ensure that the Company’s corporate governance practices and policy are no less exacting than the code provisions.

#### **Audit Committee**

The Audit Committee comprises three INEDs, namely Mr. Li Chi Fai, Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Mr. Li Chi Fai who has substantial accounting and related financial management expertise.

The main duties of the Audit Committee are to review and monitor and provide supervision over the Company’s financial reporting process and internal control system, perform corporate governance duties delegated by the Board and maintain an appropriate relationship with the Company’s auditor. The roles and functions of the Audit Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

The annual results of the Group for the year under review had been reviewed by the audit committee.

#### **Compliance Committee**

The Compliance Committee was established on 17 March 2014 and comprises one Executive Director, one INED, the CFO and the Company Secretary, and is chaired by the Executive Director.

The main duties of the Compliance Committee are to formulate, review, approve, and monitor the Company’s policies and practices on compliance with legal and regulatory requirements, supervise the implementation and monitor the efficiency and effectiveness of the compliance management system. The roles and functions of the Compliance Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

## **Remuneration Committee**

The current Remuneration Committee comprises one Executive Director and two INEDs and is chaired by an INED. The Company has complied with the chairman requirement and majority requirement of the Remuneration Committee members under Rule 3.25 of the Listing Rules.

The main duties of the Remuneration Committee are to review the Company's policy on remuneration structure, approve the management's remuneration by reference to corporate goals and objectives of the Company, recommend to the Board on the remuneration packages of the INEDs, review and determine the remuneration packages for the Executive Directors with delegated responsibility according to the model set out in code provision B.1.2(c)(i) of the CG Code as adopted by the terms of reference of the Remuneration Committee. No Director will determine his/her own remuneration. The roles and functions of the Remuneration Committee are clearly set out in the terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

## **Nomination Committee**

The current Nomination Committee comprises one Executive Director and two INEDs and is chaired by the Executive Director. The Company has complied with the majority requirement of Nomination Committee members under Code Provision A.5.1 of the CG Code.

The main duties of the Nomination Committee are to review the structure, size and composition of the Board, make recommendations on the selection of individual to act as a Director and on appointment or re-election of Directors to complement the corporate strategy of the Company, and assess the independence of the INEDs. The roles and functions of the Nomination Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules 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 as stated in the Model Code regarding securities transactions throughout the year ended 31 March 2014.

## **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 financial year ended 31 March 2014.

By order of the Board  
**Amax International Holdings Limited**  
**(Formerly known as Amax Holdings Limited)**  
**Ng Man Sun**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 June 2014

*As at the date hereof, Mr. Ng Man Sun (Chairman and Chief Executive Officer) and Ms. Ng Wai Yee are the executive directors of the Company; and Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia are the independent non-executive directors of the Company.*

\* *for identification purpose only*