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AMAX INTERNATIONAL HOLDINGS LIMITED

奧瑪仕國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL HIGHLIGHTS

- The financial information of Greek Mythology, an associate of the Company which has significant impact on 2016 Annual Results of the Group, is unavailable to the Company for the preparation of consolidated financial statements. 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 loss for the financial year ended 31 March 2016 amounts to approximately HK\$49.0 million, compared to approximately HK\$41.4 million for the financial year ended 31 March 2015.
- Loss per share amounts to approximately HK\$0.16 compared to approximately HK\$0.16 last year.
- The Group's net assets amount to approximately HK\$1,207.9 million, decreased by approximately HK\$16.2 million and represent approximately 1.3% decrease 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 2016 (the “2016 Annual Results”), as follows:

The 2016 Annual Results of the Group do not reflect the actual performances of Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology” or the “Associate”), an associate of the Company which operates and manages Greek Mythology Casino, 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 STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	<i>Note</i>	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i>
Revenue	4	10,486	5,118
Cost of sales		<u>(3,085)</u>	<u>(173)</u>
Gross profit		7,401	4,945
Other revenue and other net income	5	1	81
Selling and distribution expenses		(1,291)	(490)
General and administrative expenses		(42,526)	(33,512)
Loss on disposal of a subsidiary		–	(3)
Finance costs	6	<u>(12,552)</u>	<u>(12,388)</u>
Loss before taxation	7	(48,967)	(41,367)
Income tax	8	<u>–</u>	<u>–</u>
Loss for the year		<u>(48,967)</u>	<u>(41,367)</u>
Attributable to:			
Owners of the Company		(43,136)	(40,240)
Non-controlling interests		<u>(5,831)</u>	<u>(1,127)</u>
Loss for the year		<u>(48,967)</u>	<u>(41,367)</u>
Loss per share			
– basic (HK cents)	10	<u>(15.95)</u>	<u>(16.11)</u>
– diluted (HK cents)	10	<u>(15.95)</u>	<u>(16.11)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year	(48,967)	(41,367)
Other comprehensive expense for the year		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(10)</u>	<u>5</u>
Total comprehensive expense for the year	<u>(48,977)</u>	<u>(41,362)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(43,140)	(40,238)
Non-controlling interests	<u>(5,837)</u>	<u>(1,124)</u>
	<u>(48,977)</u>	<u>(41,362)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment		8,328	5,346
Investment properties		–	–
Intangible assets	11	161,670	163,715
Goodwill		–	–
Interest in an associate		1,191,209	1,191,209
Deposits paid for acquisition of computer software and property, plant and equipment		10,920	1,242
		1,372,127	1,361,512
Current assets			
Trade and other receivables	12	96,306	85,864
Cash and cash equivalents		2,473	3,053
		98,779	88,917
Current liabilities			
Trade and other payables	13	217,507	47,070
Obligations under a finance lease		380	367
Other borrowings		4,260	–
Promissory notes		39,998	140,288
		262,145	187,725
Net current liabilities		(163,366)	(98,808)
Total assets less current liabilities		1,208,761	1,262,704
Non-current liabilities			
Obligations under a finance lease		829	1,209
Promissory notes		–	37,410
		829	38,619
NET ASSETS		1,207,932	1,224,085
Capital and reserves			
Share capital		65,587	55,547
Reserves		1,085,440	1,106,644
Total equity attributable to owners of the Company		1,151,027	1,162,191
Non-controlling interests		56,905	61,894
TOTAL EQUITY		1,207,932	1,224,085

1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2016 but are extracted from those consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements also include applicable disclosure required by the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

In preparing the consolidated financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 31 March 2016. The Group incurred a consolidated net loss from operations attributable to owners of the Company of approximately HK\$43,136,000 for the year ended 31 March 2016, and had consolidated net current liabilities of approximately HK\$163,366,000 as at 31 March 2016.

The directors adopted the going concern basis in the preparation of the consolidated financial statements by successfully obtaining the unsecured loan facility from an independent third party and completed an open offer with net proceeds of approximately HK\$30.07 million on 16 May 2016 in order to improve the working capital position, the immediate liquidity and the cash flow position of the Group.

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 consolidated financial statements for the year ended 31 March 2016 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 consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following new and revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s consolidated financial statements for the first time in the current year:

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

The application of the amendments to 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 REPORT

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

(a) Major customer

Revenue of HK\$4,800,000 (2015: HK\$4,800,000) was received from Greek Mythology for the year ended 31 March 2016.

(b) Geographical

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

	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Macau	4,800	4,800
People’s Republic of China (“PRC”) (excluding Macau and Hong Kong)	5,686	318
	<u>10,486</u>	<u>5,118</u>

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

	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Macau	1,199,391	1,201,437
PRC	496	137
Hong Kong	2,235	3,034
Republic of Vanuatu (“Vanuatu”)	170,005	156,904
	<u>1,372,127</u>	<u>1,361,512</u>

The PRC segment will be disposed of in the coming financial year. For details, please refer to the Company’s announcements dated 27 May 2016, 10 June 2016 and 22 June 2016.

4. REVENUE

The Group is principally engaged in investment holdings and investments in gaming and entertainment related businesses.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue from investments in gaming and entertainment related businesses		
– Investment in VIP gaming tables related operation	3,600	3,600
– Investment in slot machines related operation	1,200	1,200
Commission income on provision of services to Guangxi Welfare Lottery Issue Centre	5,686	318
	10,486	5,118

5. OTHER REVENUE AND OTHER NET INCOME

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Other revenue		
Interest income from banks	1	1
Rental income	–	26
Sundry income	–	31
	1	58
Other net income		
Gain on disposal of property, plant and equipment	–	17
Net exchange gains	–	6
	–	23
	1	81

6. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on promissory notes	12,300	11,624
Finance charges on obligations under a finance lease	42	38
Interest on other borrowings	210	726
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Total interest expenses on financial liabilities not at fair value through profit or loss	12,552	12,388
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7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging (crediting):

(a) Staff costs (including directors' emoluments)

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Equity-settled share-based payment expenses	–	1,535
Salaries, allowance and other benefits	13,146	10,739
Contributions to defined contribution retirement plans	258	212
	<hr/>	<hr/>
	13,404	12,486
	<hr/>	<hr/>

(b) Other items

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Depreciation of property, plant and equipment	1,455	776
Amortisation of intangible assets	2,045	2,046
Auditor's remuneration	775	707
Equity-settled share-based payment expenses	–	961
Gain on disposal of property, plant and equipment	–	(17)
Operating lease charges in respect of premises:		
– minimum lease payments	4,294	4,151
Written off of deposits paid for acquisition of computer software and property, plant and equipment	1,242	–
Rental income from investment properties	–	(26)
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8. INCOME TAX

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, the People’s Republic of China Enterprise Income Tax and the Republic of Vanuatu Interactive Gaming Tax has been made (2015: 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 2016 (2015: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss attributable to owners of the Company of HK\$43,136,000 (2015: HK\$40,240,000) and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2016	2015
	'000	'000
Issued ordinary shares at 1 April	249,717	228,233
Effect of share issue under placing	19,740	7,090
Effect of share issue under exercise of share options	946	–
Effect of share issue for acquisition of intangible assets through acquisition of subsidiaries	–	14,394
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 March	<u>270,403</u>	<u>249,717</u>

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 March 2016 and 31 March 2015 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss per share amounts presented.

11. INTANGIBLE ASSETS

	Right in sharing of profit stream of VIP gaming tables related operation HK\$'000	Right in sharing of profit stream of slot machines related operation HK\$'000	Gaming license HK\$'000	Total HK\$'000
Cost				
At 1 April 2014	20,000	47,092	–	67,092
Acquisition of intangible assets through acquisition of subsidiaries	–	–	153,488	153,488
At 31 March 2015, 1 April 2015 and 31 March 2016	<u>20,000</u>	<u>47,092</u>	<u>153,488</u>	<u>220,580</u>
Amortisation and impairment				
At 1 April 2014	10,788	44,031	–	54,819
Charge for the year	<u>1,535</u>	<u>511</u>	<u>–</u>	<u>2,046</u>
At 31 March 2015 and 1 April 2015	12,323	44,542	–	56,865
Charge for the year	<u>1,535</u>	<u>510</u>	<u>–</u>	<u>2,045</u>
At 31 March 2016	<u>13,858</u>	<u>45,052</u>	<u>–</u>	<u>58,910</u>
Net carrying amount				
At 31 March 2016	<u>6,142</u>	<u>2,040</u>	<u>153,488</u>	<u>161,670</u>
At 31 March 2015	<u>7,677</u>	<u>2,550</u>	<u>153,488</u>	<u>163,715</u>

The amortisation charge for the year is included in “general and administrative expenses” in the consolidated statement of profit or loss.

Note:

- a) The intangible assets relate to the Group’s rights to share a portion of the net gaming wins from certain gaming tables in the high rolling gaming area and certain slot machines in Greek Mythology Casino in Macau for 14 years from 16 February 2007. With effect from 1 October 2010, the Group granted the associate, Greek Mythology, the right to operate and manage the aforesaid gaming tables and slot machines. In return, the Group earns fixed monthly income of HK\$300,000 and HK\$100,000 from Greek Mythology in respect of the VIP gaming tables and slot machines operations, respectively, and no longer shares the net gaming wins. Taking into consideration the future monthly income, the Directors consider that there is no indication of impairment in the carrying amount of the intangible assets.

- b) Gaming license, which was acquired through acquisition of subsidiaries on 11 November 2014, represents the interactive gaming license for the corresponding subsidiary to conduct gaming business in Vanuatu. The useful life of the gaming license is 15 years from February 2014. No amortisation has been charged for the year ended 31 March 2015 and 31 March 2016 since the relevant software was still under the testing stage as at 31 March 2015 and 31 March 2016 and the subsidiaries are yet to commence the operation.

12. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Other receivables	5,874	512
Due from an associate	84,765	79,965
Rental and other deposits	2,828	2,307
	<hr/>	<hr/>
Loans and receivables	93,467	82,784
Prepayments	2,839	3,080
	<hr/>	<hr/>
	96,306	85,864
	<hr/>	<hr/>

13. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables (a)	881	1,182
Accruals and other payables (b)	216,470	45,732
Due to related companies (c)	156	156
	<hr/>	<hr/>
	217,507	47,070
	<hr/>	<hr/>

All 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 is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one month	28	329
Over one year	853	853
	<hr/>	<hr/>
	881	1,182
	<hr/>	<hr/>

- (b) Included in Group's accruals and other payables as at 31 March 2016 represents the payable of the second tranche of 14,800,000 consideration shares for the acquisition of Forenzia Enterprises Limited and its subsidiaries amounted to approximately HK\$36,751,000. According to the Company's announcement dated 14 October 2014, the second tranche of consideration shares will be allotted and issued to the Vendor within six months after commencement of the business operation.

On 27 May 2016, the Company entered into a supplemental agreement with the Vendor to adjust the issue price of the 2nd Tranche Consideration Shares from HK\$1.30 per share to approximately HK\$0.90 per share. As such, an additional 6,500,000 consideration shares shall be allotted and issued to the Vendor within six months after the commencement of the operation of the gaming business in Vanuatu. The corresponding listing approval was received from the Stock Exchange on 31 May 2016.

Included in Group's accruals and other payables as at 31 March 2016, represents the payable of a promissory note amounted to HK\$150,000,000.

- (c) The amounts due to related companies are unsecured, non-interest-bearing and repayable on demand.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

BASIS FOR DISCLAIMER OF OPINION

(1) Opening balances and corresponding figures

As detailed in the auditor's report dated 26 June 2015, the audit opinion on the consolidated financial statements for the year ended 31 March 2015 (the "2015 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effects of the limitations in the scope of the audit. Accordingly, we were unable to carry out audit procedures on the opening balances as to whether the 2015 Financial Statements give a true and fair view of the financial position of the Group as at 31 March 2015 and 1 April 2015 and of the Group's financial performance and cash flows for the year ended 31 March 2016.

(2) Scope limitation – Interest in Greek Mythology and share of results of Greek Mythology

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 interest in Greek Mythology of HK\$1,191,209,000 as at 31 March 2015 and 2016, and the Group's share of results of Greek Mythology for the years ended 31 March 2015 and 2016 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.

(3) 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\$96,306,000 as at 31 March 2016 was an amount of HK\$84,765,000 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 (2). There are no other satisfactory audit procedures that we could adopt to determine whether the 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 2016 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\$8,182,000. 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 2016 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 2015 and 2016 and the Group's net assets as at 31 March 2016 and related disclosures in the consolidated financial statements.

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 financial position of the Group as at 31 March 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTERS

Without further qualifying our opinion, we draw attention to notes to the consolidated financial statements which states that the Group's current liabilities exceeded its current assets by HK\$163,366,000 as at 31 March 2016. This condition indicates the existence of an uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors of the Company hereby report the audited consolidated annual results of the Group for the year ended 31 March 2016 (the "year under review"). The 2016 Annual Results have been reviewed by the audit committee of the Company.

FINANCIAL REVIEW

The Group is principally engaged in investment holdings and investments in niche gaming and entertainment-related businesses. For the year under review, the Group has continued its effort in consolidating its business resources and expanding its core business beyond Macau, aiming to generate long-term value for shareholders.

The Group recorded a revenue of approximately HK\$10.5 million for the year under review, increasing 104.9% as compared to last year. The increase in revenue was mainly attributable to the significant revenue increase from the operation of LE-Guangxi which itself has been a loss-making company since its acquisition by the Company. Net loss for the year under review was approximately HK\$49.0 million, as compared to approximately HK\$41.4 million for the corresponding period last year.

During the year under review, the financial information of Greek Mythology was still unavailable. Hence, the 2016 Annual Results do not reflect the actual performances of Greek Mythology and the Group.

Capital Structure

As at 31 March 2016, the Company's total issued shares were 327,932,786 (2015: 277,732,786) at HK\$0.20 each. The Group's consolidated net assets was approximately HK\$1,207.9 million, representing a decrease of approximately HK\$16.2 million as compared to that of approximately HK\$1,224.1 million as at 31 March 2015. During the year under review, the Company completed a number of placing and top-up subscription activities, raising a total of approximately HK\$30.93 million detailed as below.

Date of completion	Price per share (HK\$)	No. of shares (‘000)	Net proceeds (HK\$‘000)
17 September 2015	0.64	25,000	15,740
28 December 2015	0.64	24,000	15,190

On 24 March 2016, the Company announced its proposal to raise funds by way of an open offer of one offer share for every two shares held by the qualifying shareholders at a subscription price of HK\$0.20 per offer share (the “Open Offer”). It was considered that the Group's long term growth would be financed by way of equity fund raising which would not only strengthen the Group's capital base but also enhance its financial position without increasing finance costs.

The Open Offer was fully-underwritten by SBI China Capital Financial Services Limited (the “Underwriter”) pursuant to the underwriting agreement dated 24 March 2016 entered into by and between the Company and the Underwriter and was completed on 16 May 2016 with a total of 163,966,393 new shares with an aggregate nominal value of approximately HK\$32.79 million issued on the same date, on the basis of 327,932,786 shares in issue on 18 April 2016, being the record date of the Open Offer. The estimated net proceeds, after deducting relevant expenses payable in relation to the Open Offer, amounted to approximately HK\$30.07 million which is intended to be invested in overseas projects when suitable opportunities become available and as general working capital. As the Open Offer has significantly strengthened the financial position and enhanced the liquidity of the Group, it is in the interests of the Company and the Shareholders as a whole.

Details of the Open Offer are set out in the Company's announcements dated 24 March 2016, 7 April 2016 and 13 May 2016 and the Company's prospectus dated 20 April 2016.

Other Financial Items

Consolidated Statement of Profit or Loss

- The Group's selling and distribution expenses amounted to approximately HK\$1.3 million in 2016, compared to approximately HK\$0.5 million for the same period in 2015, representing approximately 163.5% increase in expenses. This was primarily due to the increase of selling expenses in LE-Guangxi.
- General and administrative expenses were approximately HK\$42.5 million in 2016, as compared to approximately HK\$33.5 million for the same period in 2015, representing an increase of approximately 26.9%.
- Finance costs of the Group were approximately HK\$12.6 million in 2016, as compared to approximately HK\$12.4 million for the same period in 2015, representing an increase of approximately 1.3%.

Consolidated Statement of Financial Position

- Trade and other receivables as at 31 March 2016 were approximately HK\$96.3 million (31 March 2015: approximately HK\$85.9 million).
- Cash and cash equivalents as at 31 March 2016 were approximately HK\$2.5 million, compared to approximately HK\$3.1 million at the same time in 2015.
- Trade and other payables as at 31 March 2016 were approximately HK\$217.5 million (31 March 2015: approximately HK\$47.1 million). The increase was mainly due to the inclusion of a matured promissory note of HK\$150 million.
- Promissory notes as at 31 March 2016 were HK\$40.0 million (31 March 2015: HK\$177.7 million). The Group had an obligation under a finance lease of HK\$1.2 million (2015: HK\$1.6 million) as at 31 March 2016.

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 2016, the Group had total assets and net assets of approximately HK\$1,470.9 million (2015: approximately HK\$1,450.4 million) and HK\$1,207.9 million (2015: approximately HK\$1,224.1 million), comprising non-current assets of approximately HK\$1,372.1 million (2015: approximately HK\$1,361.5 million) and current assets of approximately HK\$98.8 million (2015: approximately HK\$88.9 million) which were financed by shareholders' funds of approximately HK\$1,207.9 million (2015: approximately HK\$1,224.1 million). Non-controlling interests of approximately HK\$56.9 million (2015: approximately HK\$61.9 million), current liabilities of approximately HK\$262.1 million (2015: approximately HK\$187.7 million) and non-current liabilities of approximately HK\$0.8 million (2015: approximately HK\$38.6 million).

As at 31 March 2016, the Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 22% (2015: 18%). As at 31 March 2016, the Group had cash and cash equivalents of approximately HK\$2.5 million (2015: approximately HK\$3.1 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.

BUSINESS REVIEW

The year under review was a year of transformation and consolidation for the Group. Notwithstanding a challenging market environment, the Group implemented a number of measures to consolidate its business operations with a view to minimise the operating costs and redirect its effort in other potential profitable business ventures, in order to provide returns and broaden the revenue base of the Group.

Business Operation of Forenzia Enterprises Limited

Foreseeing a slowing growth in the gaming sector in Macau in the coming years, especially in the high roller segment, the Group has focused on exploring geographic diversification in its core business and seeks to satisfy the unfulfilled demand by establishing a gaming operation outside Macau.

To capitalise on the significant growth expected from the global gaming market, the Group has acquired a 60% equity interests in Forenzia Enterprises Limited (“Forenzia Enterprises”) at a consideration of HK\$48,100,000, payable by issuing 37,000,000 ordinary shares of the Company at HK\$1.30 each. Forenzia Enterprises, through its wholly-owned subsidiaries, is principally engaged in conducting gaming business in Vanuatu with an interactive gaming license valid for a period of 15 years from February 2014 in Vanuatu. As a result, 22,200,000 ordinary shares at HK\$1.30 each has been issued as consideration after the completion of the acquisition and the remaining 14,800,000 consideration shares are pending for issue until after the commencement of operation of the gaming business in Vanuatu.

During the year under review, the Group’s establishment of business operations in Vanuatu continued to achieve good progress. The Group has received a letter of approval in principle from the Director of Customs and Inland Revenue of Vanuatu to commence the gaming business in Vanuatu. However, due to the Company had conducted certain equity fund raising activities in 2015 and 2016 subsequent to the completion of the acquisition which have dilution effect on the interest of the vendor of the acquisition of Forenzia Enterprises (the “Vendor”); and the market price of the Company’s shares has been dropping significantly after an open offer announced by the Company in March 2016, in addition to the 14,800,000 consideration shares, an additional 6,500,000 consideration shares will be issued to the Vendor. The management is of the view that it is in the interests of the Company and the Shareholders as a whole and beneficial to the long-term development of the Group’s Vanuatu gaming business to maintain a close and long-term business relationship with the Vendor, who is a 40% shareholder and one of the three directors of Forenzia Enterprises.

Details of the acquisition of Forenzia Enterprises and the issue of consideration shares are set out in the Company’s announcements dated 14 October 2014, 11 November 2014, 18 May 2016 and 27 May 2016.

Vanuatu is a popular destination for tourists from Australia, New Zealand, New Caledonia, Europe, North America and Japan and has high potential to become the next gaming hotspot. The Group is well-positioned to benefit from pent-up demand by establishing gaming operations in Vannatu, which is expected to contribute significant income in the future.

Greek Mythology

Greek Mythology is an associate in which the Group owns 24.8% equity interests. It operates and manages Greek Mythology Casino which is currently closed for renovation. Due to Greek Mythology’s refusal to provide the Company with its valid financial information since 2012, the Group has initiated a series of legal actions in an attempt to obtain the annual accounts from the Associate.

Since May 2014, the Court of First Instance of Macau granted court orders to instruct the administrator of Greek Mythology to provide the Company with its management accounts for the years ended 31 March 2013 and 31 March 2014 (“Management Accounts”). Further actions were taken by the Company on 27 April 2015 and 10 May 2016 respectively to request the Associate to provide all relevant information and documentation to the Company, convene general meetings to approve the Management Accounts and provide the annual accounts for the years ended 31 March 2015 and 31 March 2016.

The Group is taking every step to address this issue, and will be continuing with the communication on obtaining the financial accounts in order to re-exercise the rights of the Company in Greek Mythology.

LE-Guangxi

Through Le Rainbow’s wholly-owned subsidiary, Le Rainbow China Limited, the Group holds 42.61% beneficial equity interests in LE-Guangxi. As a lottery-related services company in cooperation with the Guangxi Welfare Lottery Issue Centre, LE-Guangxi is primarily engaged in distribution of a proprietary electronic lottery sales system in Guangxi, China. During the year under review, revenue generated from this business segment has significantly increased 1,688.1% to approximately HK\$5.7 million. However, the significant growth in revenue was unable to turn around the loss-making position of LE-Guangxi. As the current situation of LE-Guangxi is not expected to improve in the near future, the Group has determined to divert its attention towards developing other profit-making businesses.

In view of the loss-making position of LE-Guangxi, the Group has entered into an agreement for the disposal of 100% equity interests in Le Rainbow Worldwide Limited (“Le Rainbow”) on 27 May 2016. The disposal would help the Group achieve the best use of its resources and improve its overall performance.

Details of the disposal of Le Rainbow are set out in the Company’s announcements dated 27 May 2016, 10 June 2016 and 22 June 2016.

Environmental Policy

The Group has devoted its greatest efforts in promoting conservation and environmental sustainability. Our environmental strategy is to achieve a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation. Accordingly, Energy efficient lightings have been installed in the office to reduce energy consumption and the Group has also continuously monitored its waste and paper consumption such as use of recycled paper and double-sided printing.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. The work of our Board and the Board committees, in particular the Compliance Committee, contributes to our commitment to compliance efforts. During the year under review, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

Relationships with Employees

The Group actively manages its employee relations on which its success depends. The Group believes that developing superior human resources with knowledge, skill and experience is essential to the achievement of its objectives. Specifically, the Group provides in-house training, subsidy for attending seminars and encourages sharing of ideas through employees' meeting. These training and development enable the Group to enhance improvement in the knowledge and skills needed from the employees as they become one of the key strengths of the Group.

Relationship with Customers and Suppliers

The Directors believe that maintaining good relationships with customers has been one of the critical reasons for the Group's success. Our business model is to maintain and build on our strong relationships within our client base. To deliver the best products and experiences to our valued customers, we engaged with them by collecting their views and assessing their expectations through a wide range of communication channels. The Group is constantly looking ways to improve customer relations through enhanced services.

The Group has maintained good relationship with the suppliers to ensure their continued support to the Group in the foreseeable future.

EVENTS AFTER THE REPORTING PERIOD

(a) Open offer on the basis of one offer share for every two existing shares held

On 24 March 2016, the Company announced its proposal to raise funds by way of an open offer of one offer share for every two shares held by the qualifying shareholders at a subscription price of HK\$0.20 per offer share (the "Open Offer").

The Open Offer was fully-underwritten by SBI China Capital Financial Services Limited (the “Underwriter”) pursuant to the underwriting agreement dated 24 March 2016 entered into by and between the Company and the Underwriter and was completed on 16 May 2016 with a total of 163,966,393 new shares with an aggregate nominal value of approximately HK\$32.79 million issued on the same date, on the basis of 327,932,786 shares in issue on 18 April 2016, being the record date of the Open Offer. The estimated net proceeds, after deducting relevant expenses payable in relation to the Open Offer, amounted to approximately HK\$30.07 million which is intended to be invested in overseas projects when suitable opportunities become available and as general working capital.

Details of the Open Offer are set out in the Company’s announcements dated 24 March 2016, 7 April 2016 and 13 May 2016 and the Company’s prospectus dated 20 April 2016.

(b) Disposal of the entire equity interest in Le Rainbow

On 27 May 2016, the Group has entered into an agreement for the disposal of 100% equity interests in Le Rainbow to an independent third party by cash consideration of HK\$1,000. The disposal was completed on 22 June 2016.

Details of the disposal of Le Rainbow are set out in the Company’s announcements dated 27 May 2016, 10 June 2016 and 22 June 2016.

(c) Grant of share options

On 25 April 2016, the Company granted share options (the “Options”) to certain eligible participants (the “Grantees”), subject to acceptance of the Grantees, under the share option scheme adopted by the Company on 12 September 2012. The Options shall entitle the Grantees to subscribe for a total of 5,100,000 ordinary shares of HK\$0.20 each (the “Shares”) in the capital of the Company.

Details of the grant of share options are set out in the Company’s announcement dated 25 April 2016.

(d) Amendments to the terms of the sale and purchase agreement date 10 October 2014

On 27 May 2016, the Company entered into a supplemental agreement with the Vendor to adjust the issue price of the 2nd Tranche Consideration Shares from HK\$1.30 per share to approximately HK\$0.90 per share. As such, an additional 6,500,000 consideration shares shall be allotted and issued to the Vendor within 6 months after the commencement of the operation of the gaming business in Vanuatu. The corresponding listing approval was received from the Stock Exchange on 31 May 2016. Save for the above-mentioned amendment, all the other terms and conditions of the Sale and Purchase Agreement remain unchanged and in full force and effect in all respects.

Details of the amendments are set out in the Company's announcement dated 27 May 2016.

LITIGATION

On 22 March 2006, the Company issued a batch of 10-year zero-interest promissory notes with total face value of approximately HK\$1,454,722,000 for the purpose of acquiring 30% equity interests in Greek Mythology. Among the promissory notes, a promissory note with face value of HK\$150,000,000 (the "Promissory Note") was issued to Ms. Lee Bing ("Ms. Lee") under a mistaken belief that the legal title of the Promissory Note would be properly transferred to her. As such, on 18 March 2016, the Company has issued a writ of summons in the Court of First Instance of the High Court of Hong Kong claiming against Ms. Lee for the followings:

1. a declaration that the Promissory Note issued by the Company to Ms. Lee was issued by mistake and without consideration;
2. an order that Ms. Lee to deliver the Promissory Note to the Company;
3. an injunction to restrain Ms. Lee whether by herself, her servants or agents or otherwise howsoever from negotiating or indorsing the Promissory Note;
4. further and other relief; and
5. costs.

It is advised that the results of the litigation will not affect the Group's liabilities under the Promissory Note.

Details of the litigation are set out in the Company's announcement dated 21 March 2016.

PROSPECTS AND OUTLOOK

The gaming market in Macau has seen a steep fall since June 2014 as a result of the Chinese government's stricter regulations. In a bid to curb corruption, the Chinese government has imposed restrictions on VIP gamblers. The downtrend in the gaming market is expected to continue and to date there hasn't been any clear sign of stabilisation. However, global gaming growth is expected to quickly climb to 4.1 percent in 2016 and reach US\$525 billion by 2019.

In view of the market situation, leveraging the extensive experience gained from operations in Macau, the Group has sought to branch out its gaming and entertainment investments beyond Macau in recent years. Having restored internal stability and developed a diverse investment portfolio, the Group is now in an ideal position to capitalise on the increasing opportunities in the Asia Pacific region.

Looking ahead, the Group will stay on course to fully leverage the development of the gaming business in Vanuatu and strengthen its presence in the global gaming market as an investment holding company with diversified stable income sources.

The Group will continue to explore potential global investment opportunities that would secure profitability and diversify revenue streams, thereby maximising long-term returns for its investors and shareholders.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2016, the Group employed permanent employees in Hong Kong, Macau and Nanning. 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.

FINAL DIVIDEND

The Directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2016. There was no interim dividend payment during the financial year.

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 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 year ended 31 March 2016 with the exception of certain deviations as further explained below.

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

Mr. Ng Man Sun currently assumes the roles of both the chairman (the “Chairman”) of the Board and chief executive officer (the “CEO”) of the Company. The Board believes that the roles of 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 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 28 August 2015. He had arranged Ms. Ng Wai Yee, another executive director (the “Executive Director”) of the Company and who is very familiar with the Group’s business and operations, to attend and chair the AGM.

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

Due to other business commitments, Ms. Sie Nien Che, Celia, being an INED of the Company, did not attend the AGM of the Company held on 28 August 2015 and the special general meetings of the Company held on 19 June 2015, 28 August 2015 and 17 February 2016, respectively.

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 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 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 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 2016.

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 2016.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Group’s auditor, Elite Partners CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on this preliminary announcement.

By order of the Board
Amax International Holdings Limited
Ng Man Sun
Chairman and Chief Executive Officer

Hong Kong, 28 June 2016

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.