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 2019

FINANCIAL HIGHLIGHTS

- The financial information of Greek Mythology was still unavailable to the Company for the preparation of consolidated financial statements. The Company had made impairment and disposal losses of the interest in Greek Mythology and the amount due from Greek Mythology in an aggregate sum of approximately HK$382.0 million. Subsequently, the Company completed the disposal of all the equity interest in Greek Mythology on 29 March 2019.

- Net loss for the financial year ended 31 March 2019 amounts to approximately HK$418.3 million, compared to approximately HK$50.7 million for the financial year ended 31 March 2018. The increase in loss was mainly due to the impairment and disposal losses of Greek Mythology during the year.

- Loss per share amounts to approximately HK$0.46 compared to approximately HK$0.07 last year.

- The Group's net assets amount to approximately HK$87.3 million, decreased by approximately HK$271.9 million and represent approximately 75.7% decrease as compared to approximately HK$359.2 million last year.

The board (the "Board") of directors (the "Directors") of Amax International Holdings Limited ("Amax" or the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 March 2019 (the "2019 Annual Results"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4	**71,218**	62,206
Cost of sales		**(33,259)**	(31,403)
Gross profit		**37,959**	30,803
Other income	5	**9,517**	1,700
Impairment losses of intangible assets		**(5,003)**	(24,823)
Impairment losses of other receivables		**(28,500)**	–
Loss on disposal of interest in an associate		**(353,530)**	–
Selling and distribution expenses		**–**	(3,660)
Fair value change of derivative financial assets		**(156)**	(222)
General and administrative expenses		**(64,474)**	(53,154)
Finance costs	6	**(14,507)**	(1,160)
Loss before taxation		**(418,694)**	(50,516)
Income tax credit/(expense)	8	**419**	(218)
Loss for the year		**(418,275)**	(50,734)
Attributable to:			
Owners of the Company		**(418,039)**	(52,772)
Non-controlling interests		**(236)**	2,038
Loss for the year		**(418,275)**	(50,734)
Loss per share			
– Basic (HK cents)	10	**(46.16)**	(7.48)
– Diluted (HK cents)	10	**(46.16)**	(7.48)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
Loss and total comprehensive expense for the year	**(418,275)**	(50,734)
Total comprehensive expense attributable to:		
Owners of the Company	**(418,039)**	(52,772)
Non-controlling interests	**(236)**	2,038
	(418,275)	(50,734)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**3,082**	8,715
Intangible assets	11	**106,826**	127,241
Goodwill		**41,761**	41,761
Interest in an associate		**–**	353,568
Deposits paid for acquisition of computer software and property, plant and equipment		**5,742**	5,742
Derivative financial asset		**–**	156
		157,411	537,183
Current assets			
Trade and other receivables	12	**42,665**	52,848
Cash and cash equivalents		**1,201**	1,759
		43,866	54,607
Current liabilities			
Trade and other payables	13	**14,613**	204,864
Obligations under a finance lease		**33**	403
Other borrowings		**10,385**	10,300
Promissory notes		**19,837**	–
Convertible notes		**14,410**	–
Tax payables		**974**	593
		60,252	216,160
Net current liabilities		**(16,386)**	(161,553)
Total assets less current liabilities		**141,025**	375,630
Non-current liabilities			
Obligations under a finance lease		**–**	33
Promissory notes		**26,638**	12,816
Convertible notes		**24,237**	–
Deferred tax liabilities		**2,817**	3,616
		53,692	16,465
NET ASSETS		**87,333**	359,165
Capital and reserves			
Share capital		**246,495**	163,106
Reserves		**(212,135)**	142,850
Total equity attributable to owners of the Company		**34,360**	305,956
Non-controlling interests		**52,973**	53,209
TOTAL EQUITY		**87,333**	359,165

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 2019 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").

(i) Going Concern

In preparing the consolidated financial statements, the directors have considered the future liquidity of the Group in view of its recurring losses incurred and net current liabilities position as at 31 March 2019. The Group incurred a consolidated net loss from operations attributable to owners of the Company of approximately HK$418,039,000 for the year ended 31 March 2019, and had consolidated net current liabilities of approximately HK$16,386,000 as at 31 March 2019.

In order to improve the Group's operating and financial position, the Company is in the progress of disposing of its non-performing assets and proactively looking for investment opportunities. In addition, it came to the attention of the directors that a promissory note of HK$20,000,000, which was included in the current liabilities of the Group, has been settled after the reporting period. Having taken into account of the abovementioned, the directors adopted the going concern basis in the preparation of the consolidated financial statements.

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 2019 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.

(ii) Historical cost basis of preparations

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amended Standards and Interpretations issued that are applicable to March 2019 year-end

In the current year, the Group has applied for the first time the following amendments to HKFRSs that are mandatorily effective for an accounting period that begins on or after 1 April 2018:

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

(a) HKFRS 9 — Financial Instruments

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

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

(i) Classification and measurement

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

Specifically:

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

— debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income ("FVTOCI");

— all other debt investments and equity investments are subsequently measured at fair value through profit or loss ("FVTPL").

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

— the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is not held for trading in other comprehensive income; and

— the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

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

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

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

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

	Original measurement category under HKAS 39	**New measurement category under HKFRS 9**	**Original carrying amount under HKAS 39** *HK$'000*	**New carrying amount under HKFRS 9** *HK$'000*
Financial assets				
Derivative financial assets	FVTPL	FVTPL	156	156
Trade and other receivables	Amortised cost (Loans and receivables)	Amortised cost	52,848	52,848
Cash and cash equivalents	Amortised cost (Loans and receivables)	Amortised cost	1,759	1,759
			54,763	54,763
Financial liabilities				
Trade and other payables	Amortised cost	Amortised cost	204,864	204,864
Obligation under a finance lease	Amortised cost	Amortised cost	436	436
Other borrowing	Amortised cost	Amortised cost	10,300	10,300
Promissory notes	Amortised cost	Amortised cost	12,816	12,816
			228,416	228,416

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

	Original carrying amount under HKAS 39 *HK$'000*	**Remeasurement *(note (ii))*** *HK$'000*	**New Carrying amount under HKFRS 9** *HK$'000*
Trade and other receivables	52,848	–	52,848
Cash and cash equivalents	1,759	–	1,759
	54,607	–	54,607

(ii) Impairment

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

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

(b) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 has replaced HKAS 11 Construction Contracts, HKAS 18 Revenue and other revenue-related interpretations. Under HKAS 11 and HKAS 18, revenue arising from construction contracts and provision of services was recognised over time whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 has introduced additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Based on the specific transitional provisions set out in HKFRS 15, the Group had decided to use the cumulative effect transition method and had recognised the cumulative effect of initial application of HKFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (i.e. 1 April 2018). Accordingly, comparative information has not been restated and continues to be presented under HKAS 11 and HKAS 18. Also, the Group has applied the HKFRS 15 requirements only to contracts that were not completed before 1 April 2018.

Considering the nature of the Group's principal activities, except the revenue from the investment in VIP room in Cambodia, the adoption of HKFRS 15 does not have material impact on the Group's revenue recognition and HKFRS 15 had no material impact on amounts and/or disclosures reported in these consolidated financial statements.

Investment in VIP room in Cambodia

In prior reporting periods, revenue from investment in VIP room in Cambodia was recognised when the relevant services had been rendered and was measured at the entitlement of economic inflows of the Group from the business. Under the New Standards, revenue from investment in VIP room in Cambodia is reported after deduction of commission. The initial application of HKFRS 15 has no effect to the opening balance of equity as at the date of initial application (i.e. 1 April 2018).

The Group has not applied any of the following new and revised HKFRSs that have been issued but are not yet mandatorily effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2015-2017 Cycle[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

3. SEGMENT REPORT

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

During the year ended 31 March 2018 and 2019, the Group's operating activities are attributable to two operating segments focusing on (i) gaming and entertainment related businesses; and (ii) AR/VR and mobile games solutions.

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

(a) Segment revenue and results

	2019		
	Gaming and entertainment *HK$'000*	**AR/VR and mobile games solutions** *HK$'000*	**Total** *HK$'000*
Segment revenue			
External	**64,071**	**7,147**	**71,218**
Timing of revenue recognition			
As a point in time	**61,671**	**7,147**	**68,818**
Overtime	**2,400**	**–**	**2,400**
	64,071	**7,147**	**71,218**
Segment results	**13,676**	**2,454**	**16,130**
Reconciliation:			
Other income			**9,333**
Gain on disposal of property, plant and equipment			**184**
Loss on promissory note settlement			**(859)**
Loss on written off of intangible asset			**(3,069)**
Loss on disposal of an associate			**(353,530)**
Impairment loss of amount due from an associate			**(28,500)**
Share-based payments			**(1,013)**
Amortisation of intangible assets			**(12,343)**
Fair value change of derivative financial assets			**(156)**
Unallocated corporate expenses			**(30,364)**
Unallocated finance costs			**(14,507)**
Loss before taxation			**(418,694)**

	Gaming and entertainment *HK$'000*	2018 AR/VR and mobile games solutions *HK$'000*	Total *HK$'000*
Segment revenue			
External	56,676	5,530	62,206
Segment results	12,260	4,146	16,406
Reconciliation:			
Reversal of impairment loss on intangible assets			1,700
Share-based payments			(3,740)
Amortisation of intangible assets			(13,051)
Impairment loss on intangible assets			(24,823)
Fair value change of derivative financial assets			(222)
Unallocated corporate expenses			(25,626)
Unallocated finance costs			(1,160)
Loss before taxation			(50,516)

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

(b) Segment assets and liabilities

For the year ended 2019

	Gaming and entertainment *HK$'000*	AR/VR and mobile games solutions *HK$'000*	Total *HK$'000*
Assets			
Segment assets	**100,868**	**96,849**	**197,717**
Unallocated corporate assets			**3,560**
Consolidated total assets			**201,277**
Liabilities			
Segment liabilities	**3,976**	**4,438**	**8,414**
Unallocated corporate liabilities			**105,530**
Consolidated total liabilities			**113,944**

For the year ended 2018

	Gaming and entertainment *HK$'000*	AR/VR and mobile games solutions *HK$'000*	Total *HK$'000*
Assets			
Segment assets	136,484	97,614	234,098
Unallocated corporate assets			357,692
Consolidated total assets			591,790
Liabilities			
Segment liabilities	3,977	4,360	8,337
Unallocated corporate liabilities			224,288
Consolidated total liabilities			232,625

For the year ended 2019

	Gaming and entertainment *HK$'000*	AR/VR and mobile games solutions *HK$'000*	Other *HK$'000*	Total *HK$'000*
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets				
Addition of property, plant and equipment	**–**	**103**	**336**	**439**
Depreciation of property, plant and equipment	**5,210**	**115**	**611**	**5,936**
Finance costs	**–**	**–**	**14,507**	**14,507**
Income tax expenses	**–**	**419**	**–**	**419**
Amortisation of intangible assets	**7,497**	**4,846**	**–**	**12,343**

For the year ended 2018

	Gaming and entertainment *HK$'000*	AR/VR and mobile games solutions *HK$'000*	Other *HK$'000*	Total *HK$'000*
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets				
Addition of property, plant and equipment	546	85	–	631
Depreciation of property, plant and equipment	5,213	39	639	5,891
Finance costs	–	–	1,160	1,160
Income tax expenses	–	218	–	218
Amortisation of intangible assets	10,780	2,271	–	13,051

(c) Major customer

Revenue of HK$2,400,000 (2018: HK$4,800,000) was receivable from Greek Mythology, a former associate of the Group, for the year ended 31 March 2019.

No other single customer contracted 10% or more to the Group's revenue for 2019 and 2018.

(d) Geographical

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

	2019	2018
	HK$'000	*HK$'000*
Macau	**2,400**	4,800
Republic of Vanuatu ("Vanuatu")	**10,230**	17,738
Hong Kong	**7,147**	5,530
Kingdom of Cambodia ("Cambodia")	**51,441**	34,138
	71,218	62,206

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

	2019	2018
	HK$'000	*HK$'000*
Macau	**–**	357,660
Vanuatu	**6,477**	11,577
Hong Kong	**149,286**	166,032
Cambodia	**1,648**	1,758
	157,411	537,027

4. REVENUE

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from investments in gaming and entertainment related businesses		
– Investment in VIP gaming tables related operation	**1,800**	3,600
– Investment in slot machines related operation	**600**	1,200
– Investment in gaming operation in Vanuatu	**10,230**	17,738
– Investment in VIP room in Cambodia		
Net gaming win	**87,648**	34,138
Less: Commission	**(36,207)**	–
Services income derived from AR/VR and mobile games solutions	**7,147**	5,530
	71,218	62,206

5. OTHER INCOME

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

	2019	2018
	HK$'000	*HK$'000*
Consultancy fee income	**9,000**	–
Reversal of impairment loss on intangible asset	**–**	1,700
Gain on disposed of property, plant and equipment	**184**	–
Sundry income	**333**	–
	9,517	1,700

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on promissory notes	**5,024**	326
Finance charges on obligations under a finance lease	**8**	19
Interest on other borrowings	**209**	815
Interest on convertible notes	**9,266**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**14,507**	1,160

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Staff costs (including directors' emoluments)

	2019	2018
	HK$'000	*HK$'000*
Equity-settled share-based payment expenses	**639**	1,825
Salaries, allowance and other benefits	**9,944**	9,781
Contributions to defined contribution retirement plans	**216**	163
	10,799	11,769

(b) Other items

	2019	2018
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**5,936**	5,891
Amortisation of intangible assets	**12,343**	13,051
Auditor's remuneration	**1,082**	930
Equity-settled share-based payment expenses to consultants	**374**	1,915
Loss on written off of intangible assets	**3,069**	–
Loss on settlement of promissory notes	**859**	–
Operating lease charges in respect of premises:		
– minimum lease payments	**12,259**	7,488

8. INCOME TAX CREDIT/(EXPENSE)

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

Hong Kong Profits Tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year provision	**(381)**	(593)
Deferred tax		
Current year	**800**	375
Total tax credit/(expense) for the year	**419**	(218)

9. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 March 2019 (2018: 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$418,039,000 (2018: HK$52,772,000) and the weighted average number of 905,627,000 (2018: 705,533,000) ordinary shares in issue during the year.

(b) Diluted loss per share

No adjustment has been made to basic loss per share amount presented for the year ended 31 March 2019 in respect of the potential dilution of share options and convertible bonds as the impact of the share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 March 2018 in respect of the potential dilution of share options as the impact of the share options had an anti-dilutive effect on the basic loss per share amounts presented.

11. INTANGIBLE ASSETS

	Mobile game applications *HK$'000*	Right in sharing of profit stream of VIP gaming tables related operation *HK$'000*	Right in sharing of profit stream of slot machines related operation *HK$'000*	Gaming license *HK$'000*	Non-Competition Agreement *HK$'000*	Contract backlog *HK$'000*	Total *HK$'000*
Cost							
At 1 April 2017	30,600	20,000	47,092	153,488	—	—	251,180
Addition — acquisition of subsidiaries	—	—	—	—	24,100	88	24,188
At 31 March 2018	30,600	20,000	47,092	153,488	24,100	88	275,368
Written off	—	(20,000)	(47,092)	—	—	—	(67,092)
At 31 March 2019	30,600	—	—	153,488	24,100	88	208,276
Amortisation and impairment							
At 1 April 2017	2,300	15,394	45,561	48,698	—	—	111,953
Charge for the year	—	1,535	510	8,732	2,209	65	13,051
Impairment	—	—	—	24,823	—	—	24,823
Reversal of impairment loss	(1,700)	—	—	—	—	—	(1,700)
At 31 March 2018 and 1 April 2018	600	16,929	46,071	82,253	2,209	65	148,127
Charge for the year	—	768	255	6,477	4,820	23	12,343
Impairment	—	—	—	5,003	—	—	5,003
Written off	—	(17,697)	(46,326)	—	—	—	(64,023)
At 31 March 2019	600	—	—	93,733	7,029	88	101,450
Carrying amount							
At 31 March 2019	30,000	—	—	59,755	17,071	—	106,826
At 31 March 2018	30,000	3,071	1,021	71,235	21,891	23	127,241

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

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables (a)	**1,491**	2,618
Other receivables	**36,831**	20,655
Due from an associate	**—**	26,100
Rental and other deposits	**3,845**	2,360
Loans and receivables	**42,167**	51,733
Prepayments	**498**	1,115
	42,665	52,848

(a) Trade receivables

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**1,491**	2,618

The following is an aged analysis of trade receivables based on the invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0–90 days	**991**	2,118
Over 180 days, but within 1 year	**500**	500
	1,491	2,618

Ageing of trade receivables which are past due but not impaired:

	2019	2018
	HK$'000	*HK$'000*
Over 180 days	**500**	500

13. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Accruals and other payables (a)	**13,829**	204,380
Due to related companies (b)	**784**	484
	14,613	204,864

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

(a) Included in Group's accruals and other payables as at 31 March 2018, represents the payable of promissory notes amounted to HK$190,000,000.

(b) 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 2019

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Amax International Holdings Limited (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(1) Opening balances and corresponding figures

As detailed in the auditor's report dated 28 June 2018, our auditor's opinion on the consolidated financial statements for the year ended 31 March 2018 (the "2018 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 limitations in the scope of the audit. We were unable to carry out audit procedures to satisfy ourselves whether the 2018 Financial Statements gave a true and fair view. Any adjustments found to be necessary in respect of the matters which were the subject of the limitation of scope may have a significant effect on the state of affairs of the Group as at 31 March 2018 and 1 April 2018 and hence of the Group's financial performance and cash flows for the year ended 31 March 2019. Furthermore, such adjustments may have significant effect on the comparability of the current period's figures and corresponding figures in the consolidated financial statements.

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

During the current year, the Group disposed of its 24.8% equity interests in Greek Mythology for an aggregate consideration of HK$38,000 which was satisfied by cash, there is a loss on disposal of Greek Mythology of approximately HK$353,530,000 as included in the Group's loss for the year was properly measured. The loss was calculated based on the consideration of disposal of HK$38,000 and the carrying amount of interest in Greek Mythology of HK$353,568,000 at the date of disposal.

The management of Greek Mythology, an associate of the Group, 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 and no management accounts of Greek Mythology since 31 March 2012 were available.

In the absence of adequate supporting documents, we were unable to obtain sufficient appropriate audit evidence to determine whether the carrying amount of the interest in Greek Mythology was fairly stated and whether the accumulated impairment loss as at the date of disposal was free from material misstatement and hence the financial impact from the disposal. 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) During the year ended 31 March 2019, the amount due from Greek Mythology of approximately HK$28,500,000 was fully written off and loss on written off has been recognised in the statement of profit or loss in the current year.

In the absence of adequate supporting documents as mentioned in above, we were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the amount of written off 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 of Opinion paragraph (2). There are no other satisfactory audit procedures that we could adopt to determine whether the amount written off in relation to the amount due from Greek Mythology and its recognition were free from material misstatement.

(b) During the year ended 31 March 2019, the intangible assets relating to the rights granted to Greek Mythology to operate and manage certain gaming tables and slot machines, with a carrying amount of approximately HK$3,069,000 was fully written off and loss on written off has been recognised in the statement of profit or loss in the current year.

    In the absence of adequate supporting documents as mentioned in above, we were unable to obtain sufficient appropriate audit evidence to determine whether the carrying amount of the said intangible assets was fairly stated and whether the amount of written off was free from material misstatement.

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 2019 and 2018 and the Group's net assets as at 31 March 2019 and 2018 and related disclosures in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

As described in note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$418,275,000 during the year ended 31 March 2019 and, as of that date, the Group's current liabilities exceeded its current assets by HK$16,386,000.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. This matter did not result in our issuance of disclaimer of our opinion.

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 2019. The 2019 Annual Results have been reviewed by the audit committee of the Company.

FINANCIAL REVIEW

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

During the Year under Review, the financial information of Greek Mythology was still unavailable for the preparation of the consolidated financial statements of the Company. Subsequently, the Company had completed the disposal of all the equity interest in Greek Mythology on 29 March 2019 as detailed in the BUSINESS REVIEW section below.

The Group recorded a revenue of approximately HK$71.2 million for the Year under Review, increasing 14.5% as compared to approximately HK$62.2 million last year. The increase in revenue was mainly attributable to the revenue derived from the increase in gaming revenue. Net loss for the Year under Review was approximately HK$418.3 million, increasing 725.0% as compared to approximately HK$50.7 million last year. The increase in loss was mainly due to (i) impairment and disposal loss of the interest in the Associate Company in the amount of approximately HK$353.5 million; and (ii) impairment loss on the amount due from the Associate Company in the amount of approximately HK$28.5 million.

Capital Structure

As at 31 March 2019, the Company's total number of issued shares was 1,232,475,614 (31 March 2018: 815,530,039) at HK$0.20 each. The Group's consolidated net assets totalled approximately HK$87.3 million, representing a decrease of approximately HK$271.9 million as compared to that of approximately HK$359.2 million as at 31 March 2018. The decrease in total assets was mainly attributable to the impairment and disposal of the interests in Greek Mythology.

(a) During the Year under Review and up to the date of this report, the Company completed one placing and top-up subscription activity, raising a total of approximately HK$9,090,000 as detailed below.

Date of placing and subscription agreement	**Date of completion**	**Price per share** *HK$*	**No. of shares**	**Net proceeds (approximately)** *HK$*
24 July 2018	7 August 2018	0.238	39,000,000	9,090,000

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

	HK$
Net Proceeds	9,090,000
Use of net proceeds	
Staff salaries and Directors	470,000
Rental and operating expenses	700,000
Legal and professional fees	420,000
Repayment of other borrowings	7,500,000
Total	9,090,000

(b) During the Year under Review and up to the date of this report, the Company completed one subscription activity. As at 28 August 2018, the Company was indebted to i) Chanceton Capital Partners Limited ("Chanceton Capital") an outstanding amount of HK$3,250,000; ii) Mr. Wong Kam Wah ("Mr. Wong") an outstanding amount of HK$2,500,000; and iii) Skyline Ace Limited ("Skyline Ace") an outstanding amount of HK$3,250,000. On 28 August 2018, the Company with each of Chanceton Capital, Mr. Wong and Skyline Ace (collectively, the "Subscribers") entered into separate subscription agreement pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue an aggregate of 37,188,000 subscription shares at the subscription price of approximately HK$0.242 per subscription share, in consideration of each of Chanceton Capital, Mr. Wong and Skyline Ace agreeing to waive their respective indebted amount in an aggregate sum of HK$9,000,000 due from the Company. The completion of the subscriptions took place on 6 September 2018 and the Company allotted and issued an aggregate of 37,188,000 subscription shares (out of which 13,429,000 subscription shares were to Chanceton Capital, 10,330,000 subscription shares were to Mr. Wong and 13,429,000 subscription shares were to Skyline Ace respectively) at approximately HK$0.242 per subscription share.

(c) During the Year under Review and up to the date of this report, the Company completed one loan capitalisation activity. Following the completion of the acquisition of 100% equity interests in Explicitly Grand Investments Limited on 18 October 2017, the Company issued two promissory notes in an aggregate principal amount of HK$14,000,000 to Mr. Wong Kam Wah ("Mr. Wong") and Ms. Cheng Wai Man ("Ms. Cheng") respectively (the "Promissory Notes"). The Promissory Notes will be due on 18 October 2019. In light of the tight financial resources available to the Group to meet the Company's repayment obligation when the Promissory Notes fall due, the Company had negotiated with Mr. Wong and Ms. Cheng on alternative repayment method towards the Promissory Notes.

On 12 February 2019, the Company with each of Mr. Wong and Ms. Cheng entered into separate loan capitalisation agreement pursuant to which Mr. Wong and Ms. Cheng conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue an aggregate of 42,424,242 loan capitalisation shares at the subscription price of approximately HK$0.33 per loan capitalisation share. The subscription amount payable by each of Mr. Wong and Ms. Cheng under the loan capitalisation agreements shall be satisfied by capitalizing the Promissory Notes. The completion of the loan capitalisation took place on 4 March 2019 and the Company allotted and issued an aggregate of 42,424,242 loan capitalisation shares (out of which 21,212,121 loan capitalisation shares were to Mr. Wong and 21,212,121 loan capitalisation shares were to Ms. Cheng respectively) at approximately HK$0.33 per loan capitalisation share.

(d) Settlement of Prolonged Litigation

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

(i) the Holders had returned the PNs to the Company for cancellation;

(ii) a promissory note in the amount of HK$104,500,000 had been issued in favour of Mr. Ng by the Company and such promissory note had been subsequently settled by issuing convertible bonds to Mr. Ng at a conversion price of HK$0.3 per share;

(iii) the remaining outstanding amount of the PNs of HK$85,500,000 due to the Holders was settled by paying HK$5,500,000 cash and by issuing promissory notes in the total amount of HK$50,000,000 and a convertible bond in the amount of HK$30,000,000 at a conversion price of 0.249 per share; and

(iv) the consent orders have been duly signed and the legal proceedings in relation to the PNs had been dismissed accordingly.

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

Further details of the abovementioned matters are set out in the circular of the Company dated 31 May 2018 and the announcement of the Company dated 23 July 2018. The Company has now fully resolved the long disputes in connection with the PNs and can avoid incurring further legal costs to continue the legal proceedings.

Meanwhile, on 4 February 2019, Mr. Ng exercised the conversion rights attached to the Second Convertible Bonds (as defined in the circular of the Company dated 31 May 2018), to convert the Second Convertible Bonds in the principal amount of HK50,500,000 at the conversion price of HK$0.30 per Share. As a result of this conversion, the Company allotted and issued a total of 168,333,333 Second Conversion Shares (as defined in the circular of the Company dated 31 May 2018). On 19 February 2019, Mr. Ng exercised the conversion rights attached to the Second Convertible Bonds, to convert the Second Convertible Bonds in the principal amount of HK39,000,000 at the conversion price of HK$0.30 per Share. As a result of this conversion, the Company allotted and issued a total of 130,000,000 Second Conversion Shares. These conversions of convertible bonds had allowed the Company to improve the gearing ratio and also the financial position of the Company, equipping the Company for future development of its business.

Liquidity and Financial Resources

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

As at 31 March 2019, the Group had total assets and net assets of approximately HK$201.3 million (2018: approximately HK$591.8 million) and HK$87.3 million (2018: approximately HK$359.2 million), comprising non-current assets of approximately HK$157.4 million (2018: approximately HK$537.2 million) and current assets of approximately HK$43.9 million (2018: approximately HK$54.6 million) which were financed by shareholders' funds of approximately HK$87.3 million (2018: approximately HK$359.2 million). The Group also had non-controlling interests of approximately HK$53.0 million (2018: approximately HK$53.2 million), current liabilities of approximately HK$60.3 million (2018: approximately HK $216.2 million) and non-current liabilities of approximately HK$53.7 million (2018: approximately HK$16.5 million).

The Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 130% (2018: 65%). As at 31 March 2019, the Group had cash and cash equivalents of approximately HK$1.2 million (2018: approximately HK$1.8 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, United Stated 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

During the Year under Review, the Company had made a few decisive moves to further streamline and restructure the business of the Company. With the Group's exploration in various regions in Asia Pacific during the previous years, the Group has gained enormous knowledge and experience in developing the gaming business which inspired us to stay focus on areas where we see huge potential in.

Disposal of Greek Mythology

The Group originally held 24.8% equity interests in Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology"), which operates and manages Greek Mythology casino at Beijing Imperial Palace Hotel (formerly known as New Century Hotel) in Macau.

With Greek Mythology refusing to provide the Company with valid financial information since 2012, the Group has initiated a series of actions to obtain the relevant annual accounts and requesting the repayment of the outstanding amount due from Greek Mythology but failed to make any progress.

Yet, due to the lack of progress in respect of a) the requisition of audited financial statements and all relevant information and documentation of Greek Mythology necessary for audit purpose; and b) the application of the Court Order, the Board decided to make an one-off full impairment losses which is non-cash in nature (the "Impairment") on the following items on 16 February 2019:

1) 24.8% interest in the Associate with carrying value amounted to approximately HK$353,568,000 as per the unaudited interim financial statements as at 30 September 2018; and

2) Amount due from the Associate in the sum of approximately HK$28,500,000 as per the unaudited interim financial statements as at 30 September 2018.

Meanwhile, on 16 February 2019, the Company and Fu Po International Limited (the "Purchaser"), had entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 1,204 ordinary shares of MOP1,000 each in the issued share capital of the Greek Mythology (representing 24.8% of the issued share capital of the Associate) (the "Disposal") at HK$38,000 which will be settled by cash. With the approval from the shareholders of the Company at the special general meeting on 29 March 2019, the Disposal was completed on the same day. Details of the Impairment and Disposal are set out in the announcements dated 17 February 2019, 28 February 2019 and circular dated 13 March 2019.

Proposed Disposal of Mobile Game Apps

The Group acquired 30 mobile game apps ("Mobile Game Apps") on 30 March 2017 at a consideration of HK$27,000,000 by way of issuing 60,000,000 consideration shares. After reviewing business performance of the Group's existing business segments, and with the objective to strengthen the Group's cash position to (i) meet the cash flow requirement under the settlement deed dated 29 December 2017 (details are disclosed in the announcements of the Company dated 29 December 2017, 19 June 2018 and 23 July 2018) when materialized; and (ii) retain resources to develop the Group's gaming business and IT solutions business, the Group had entered into a conditional agreement on 5 June 2019 with Digital Zone as the vendor, and Galaxy World Co., Ltd ("Galaxy World") as the purchaser, pursuant to which Digital Zone has conditionally agreed to dispose of, and Galaxy World has conditionally agreed to purchase the Mobile Game Apps at a consideration of HK$30,000,000 (the "Proposed Disposal").

As the Proposed Disposal constitutes a major transaction under Chapter 14 of the Listing Rules, it is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

Business Operation of Forenzia Enterprises Limited

The Group has acquired 60% equity interests in Forenzia Enterprises Limited in 2014, which principally operates gaming business in Vanuatu under an interactive gaming license valid for a period of 15 years from February 2014. During the Year under Review, the global market conditions had been even more unpredictable and volatile that the Company has maintained, with the objective for steady and healthy development of the Company, a conservative and prudent strategy on the business in Vanuatu while stayed alert to the macro-economic condition and made suitable adjustment and fine-tuning the business strategy accordingly.

Gaming Business in Cambodia

Victor Mind Global Limited ("VMG"), a wholly-owned subsidiary of the Company and currently the major revenue driver of the Group, is engaging in gaming operation and consultancy services in Poipet and Sihanoukville, Cambodia. During the Year under Review, the operation of the VIP room in Poipet has been running smoothly. It had contributed a net gaming win of HK$87.6 million to the Group which also reflected the adoption of the amended Hong Kong Financial Reporting Standard (HKFRS) 15.

Meanwhile, while operating the VIP room in Poipet, the Company gained understanding and knowledge of the gaming industry environment in Cambodia. During the Year under Review, the Company had leveraged its valuable experience to further broaden its income source by providing technical and pre-opening services (the "Services") to Cheung Shing Global Travel Entertainment Limited ("CSG"), a company wholly-owned by Mr. Ng, the Chairman and Chief Executive Officer of the Company, the Company in return earned a service fee of HK$9,000,000 which was settled in March 2019. Details of the scope of the Services provided are set out in the announcement of the Company dated 11 October 2018.

As Mr. Ng is regarded as a connected person under Chapter 14A of the Listing Rules and the transactions contemplated under the Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the annual review of the continuing connected transactions are set out in the "Directors' Report" in this annual report.

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

Explicitly Grand Investments Limited (“Explicitly Grand”), a wholly-owned subsidiary of the Company, and its subsidiaries (collectively the “Explicitly Grand Group”) specialize in the AR/VR entertainment developments and apps on mobile devices platforms and also provide customized IT and design solutions for its customers. During the Year under Review, the Explicitly Grand Group had contributed a revenue of approximately HK$7.1 million to the Group.

Decision on Listing Status of the Company

On 12 February 2019, a letter was received from the Listing (Disciplinary) Committee of Stock Exchange (the “Letter”) by the Company which stated that the Listing (Disciplinary) Committee of the Stock Exchange has decided, among others, to suspend trading in the Company’s shares subject to Rule 6.01A of the Listing Rules until (a) the Company has addressed all the issues giving rise to the prolonged disclaimer of opinion (the “Disclaimer”) on the financial statements of the Company; and (b) the Company has published an announcement disclosing sufficient information to enable investors to make an informed assessment of the Company’s financial and trading position, including sufficient information on the financial impact of the Group as a result of the steps it has taken to resolve the issues giving rise to the Disclaimer (the “Decision”).

On 18 February 2019, the Company has referred the Decision to the Listing Committee of the Stock Exchange for review which had been held on 28 May 2018. Further announcements will be made by the Company if and when there is any significant development in respect of this matter.

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.

Details of the environmental, social and governance practices adopted by the Group are set out in the Environmental, Social and Governance Report which will be published as a separate report on the websites of the Company and the Stock Exchange no later than three months after the publication of this report.

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.

Relationship 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.

ADDRESSING ALL CONCERNS RAISED BY THE COMPANY'S AUDITORS

In the audited report of the Company for the year ended 31 March 2018, the Company's auditors issued disclaimer of opinion in the follow matters in respect of the Company's interest in Greek Mythology arising from its failure to provide sufficient audit evidence:

i. On the opening balances and corresponding figure since they are unable to carry out audit procedures to satisfy themselves whether the 2017 Financial Statements gave a true and fair view;

ii. Scope limitation on the Company's interest in Greek Mythology and share of results of Greek Mythology since they are unable to determine the Group's share of net assets and results of Greek Mythology and impairment assessment of the Company's interest in Greek Mythology and of the amounts due from Greek Mythology; and

iii. Scope limitation on the recoverability of amount due from Greek Mythology and Valuation of intangible assets since they are unable to carry out effective confirmation procedures in relation to the balance receivable for the purpose of audit and there is no information available for them to assess the financial position of Greek Mythology.

Reference is made to the announcements of the Company dated 17 February 2019, 28 February 2019 and 29 March 2019 and the circular of the Company dated 13 March 2019. The Company made full impairment of its interest in Greek Mythology and the amount receivable from Greek Mythology and disposed of its interest in Greek Mythology on 29 March 2019 (the "Disposal"). The Company's auditors had discussed during the Audit Committee's meeting the said disclaimer issues and the treatment of the Company's interest in Greek Mythology and the amount receivable from Greek Mythology in the audited report for the year ending 31 March 2019 and the subsequent financial years.

The Company's auditors were of the view that following the disposal of the Company's interest in Greek Mythology, the scope limitation giving rise to the disclaimer of opinion as mentioned in (ii) to (iii) had been addressed and hence such disclaimer of opinion above would no longer be required.

Nevertheless, they were unable to obtain sufficient appropriate audit evidence to determine whether the gain or loss on the Disposal was free from material misstatement and therefore issued a disclaimer of opinion on the results of the Group's consolidated financial statements for the year ended 31 March 2019. They will also propose a modification to the auditor's report for the financial year ending 31 March 2020 relating to the opening financial position and to the auditor's report for the financial year ending 31 March 2021 relating to the opening balances of the comparative figures of the retained earnings and the change in equity. The Board of Directors and the Audit Committee of the Company are aware that these modifications would not have any continuing effect on the results and the closing financial position of the Company for the financial years ending 31 March 2020 and 31 March 2021 respectively.

EVENTS AFTER THE REPORTING PERIOD

On 5 June 2019, Digital Zone Global Limited, a wholly-owned subsidiary of the Company and Galaxy World Co., Ltd., an independent third party of the Group, entered into an agreement to dispose of the Mobile Game Apps at a consideration of HK$30,000,000. Up to the date of the approval of the consolidated financial statements, the said disposal has not been completed as it is subject to shareholders' approval in a general meeting.

OUTLOOK AND PROSPECT

Under the shadow of the uncertainties in the macro economic conditions brought by the Sino-US trade war and Brexit, the Company had struggled during the year to improve its financial positions by settling the lingering disputes of the Company. By doing so, the Company believes that we can get through this economic volatility if not enhancing the Group's business development in a long run.

Susceptible the macro-economic situation is predicted and the Decision is still under review though, with the efforts we made during the year to streamline the business and dispose the business of less potential, the Group has strived to address to the concerns stated in the Decisions. The Company remains optimistic in its future prospects. Given the potential for growth of visitation and spending in Asia Pacific and the evolving popularity of new technologies like AR/VR as well as the booming of mobile gaming industry, the Group confidently believes that it has strategically position itself in a competitive position to further its businesses and maintain a healthy condition in its balance sheet.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2019, the Group employed permanent 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.

FINAL DIVIDEND

The Directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2019. 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 2019 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 30 August 2018. He had arranged Ms. Ng Wai Yee, another executive director (the "Executive Director") of the Company and who is very familiar with the Group's business and operations, to attend and chair the AGM.

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

Due to other business commitments, Ms. Sie Nien Che, Celia, being an INED of the Company, did not attend the AGM of the Company held on 30 August 2018 and the special general meetings of the Company held on 19 June 2018 and 29 March 2019 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, risk management 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 2019.

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 2019.

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 2019 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, 24 June 2019

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.