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# AMAX

## Holdings Limited

### AMAX HOLDINGS LIMITED

奧瑪仕控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

### ANNUAL RESULTS FOR THE YEAR ENDED 31 March 2013

#### FINANCIAL HIGHLIGHT

- As the financial information of Greek Mythology, an associate of the Company which has significant impact on 2013 Annual Results of the Group, is unavailable to the Company. The financial statements of the Group recorded a loss for the financial year ended 31 March 2013.
- Net loss for the financial year ended 31 March 2013 amounts to approximately HK\$39.3 million, compared to a net profit of approximately HK\$161.1 million for the financial year ended 31 March 2012.
- Loss per share amounts to approximately HK\$0.19 compared to the restated prior year earnings per share of approximately HK\$0.78 last year.
- The Group's net assets amount to approximately HK\$1.03 billion, decreased by approximately HK\$31.9 million and represent approximately 3% decrease as compared to the figure in last year.

The 2013 Annual Results of the Group reflects the impact of the failure in accessing the associate's financial information in a timely manner, but does not reflect the actual performances of the associate and the Group. The Company will make further announcement once relevant financial information of the associate is obtained.

During the financial year under review, the Group is principally engaged in investment holding and investments in gaming and entertainment related business.

The directors (the “Directors”) of Amax Holdings Limited (the “Company”) announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the financial year ended 31 March 2013 are as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Turnover</b>	3	<b>5,494</b>	4,921
Cost of sales		<u>(432)</u>	<u>—</u>
<b>Gross profit</b>		<b>5,062</b>	4,921
Fair value gain on investment properties		<b>1,890</b>	280
Other revenue and other net income	3	<b>46</b>	262
Selling and distribution expenses		<b>(1,834)</b>	(1,989)
General and administrative expenses		<b>(34,374)</b>	(23,512)
Reversal of impairment of other receivable		—	1,500
Impairment of available-for-sale financial asset		—	(30,936)
Share of profit of associate		—	238,364
Finance costs	5	<b>(10,174)</b>	(9,489)
Impairment of goodwill		<u>—</u>	<u>(18,309)</u>
<b>(Loss)/profit before taxation</b>	4	<b>(39,384)</b>	161,092
Income tax	6	<u>—</u>	<u>—</u>
<b>(Loss)/profit for the year</b>		<b><u>(39,384)</u></b>	<b><u>161,092</u></b>
<b>Attributable to:</b>			
Owners of the Company		<b>(38,632)</b>	162,251
Non-controlling interests		<b>(752)</b>	(1,159)
<b>(Loss)/profit for the year</b>		<b><u>(39,384)</u></b>	<b><u>161,092</u></b>
<b>(Loss)/earnings per share</b>			
	8	<b>HK Cents</b>	HK Cents (restated)
— basic		<b><u>(18.60)</u></b>	<u>78.14</u>
— diluted		<b><u>(18.60)</u></b>	<u>78.14</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(Loss)/profit for the year	(39,384)	161,092
<b>Other comprehensive (loss)/income for the year:</b>		
Exchange differences on translation of financial statements of group entities outside Hong Kong, net of nil tax	<u>19</u>	<u>207</u>
<b>Total comprehensive (loss)/income for the year</b>	<b><u>(39,365)</u></b>	<b><u>161,299</u></b>
<b>Total comprehensive (loss)/income for the year attributable to:</b>		
Owners of the Company	(38,617)	162,395
Non-controlling interests	<u>(748)</u>	<u>(1,096)</u>
	<b><u>(39,365)</u></b>	<b><u>161,299</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,620</b>	1,913
Investment properties		<b>6,310</b>	4,420
Goodwill		—	—
Intangible assets		<b>14,319</b>	16,365
Interest in an associate		<b>1,191,209</b>	1,191,209
Other financial assets		—	—
		<b>1,213,458</b>	1,213,907
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	<b>76,811</b>	67,856
Cash and cash equivalents		<b>1,199</b>	28,434
		<b>78,010</b>	96,290
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	<b>(108,593)</b>	(106,148)
Obligations under finance leases		<b>(134)</b>	—
		<b>(108,727)</b>	(106,148)
<b>NET CURRENT LIABILITIES</b>		<b>(30,717)</b>	(9,858)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,182,741</b>	1,204,049
<b>NON-CURRENT LIABILITIES</b>			
Promissory notes		<b>(155,210)</b>	(145,057)
Obligations under finance leases		<b>(459)</b>	—
		<b>(155,669)</b>	(145,047)
<b>NET ASSETS</b>		<b>1,027,072</b>	1,058,992
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>41,527</b>	41,527
Reserves		<b>985,890</b>	1,016,915
Total equity attributable to owners of the Company		<b>1,027,417</b>	1,058,442
Non-controlling interests		<b>(345)</b>	550
<b>TOTAL EQUITY</b>		<b>1,027,072</b>	1,058,992

## 1. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2012, except for the new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants which are effective for accounting periods beginning on or after 1 January 2012. The application of these new standards, amendments and interpretations has no material impact on the results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

## 2. SEGMENT INFORMATION

### (a) Geographical information

The Group's revenue from external customers:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Macau	4,800	4,800
PRC	694	121
	<u>5,494</u>	<u>4,921</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Macau	1,205,528	1,207,574
PRC	752	1,029
Hong Kong	7,178	5,304
	<u>1,213,458</u>	<u>1,213,907</u>

### (b) Major customer

Revenue of HK\$4,800,000 (2012: HK\$4,800,000) was received from Greek Mythology for the year ended 31 March 2013.

### 3. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

#### a) Turnover

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

Turnover comprises the following:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Income from investments in certain gaming tables and slot machines operations in Greek Mythology Casino in Macau	4,800	4,800
Commission income on provision of services to Guangxi Public Welfare Lottery Issue Centre	694	121
	<u>5,494</u>	<u>4,921</u>

#### b) Other revenue and other net income

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Other revenue</b>		
Interest income from banks	1	2
Gross rental income from investment properties	152	228
Sundry income	4	32
	<u>157</u>	<u>262</u>
<b>Other net income</b>		
Loss on disposal of property, plant and equipment	(78)	—
Exchange loss	(33)	—
	<u>(111)</u>	<u>—</u>
	<u>46</u>	<u>262</u>

#### 4. (LOSS)/PROFIT BEFORE TAXATION

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(a) Staff costs (including directors' emoluments):		
Equity-settled share-based payment expenses	7,445	—
Salaries, allowances and other benefits	10,065	10,776
Contribution to define contribution retirement plans	310	198
	<u>17,820</u>	<u>10,974</u>
(b) Other items:		
Amortisation of intangible assets	2,046	2,045
Auditor's remuneration	720	830
Rental income from investment properties less direct outgoings of HK\$80,000 (2012: HK\$52,000)	72	175
Depreciation of property, plant and equipment	952	1,067
Loss on disposal of property, plant and equipment	78	—
Net exchange losses	33	78
Operating lease charges in respect of premises: — minimum lease payments	<u>1,631</u>	<u>1,361</u>

#### 5. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on promissory notes	10,153	9,489
Finance charges on obligations under finance leases	21	—
	<u>10,174</u>	<u>9,489</u>
Total interest expense on financial liabilities not at fair value through profit or loss		

#### 6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

No provision for Hong Kong Profits Tax, Macau Complementary Income Tax and People's Republic of China (“PRC”) Enterprise Income Tax has been made (2012: HK\$Nil) as the companies in the Group have no assessable profits for the year in the relevant tax jurisdictions.

#### 7. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2013 (2012: Nil).

## 8. (LOSS)/EARNINGS PER SHARE

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

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of HK\$38,632,000 (2012: profit of HK\$162,251,000) and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2013 '000	2012 '000 (restated)
Issued ordinary shares at 1 April	4,152,656	4,152,656
Effect of share consolidation	<u>(3,945,023)</u>	<u>(3,945,023)</u>
Weighted average number of ordinary ordinary shares at 31 March	<u><u>207,633</u></u>	<u><u>207,633</u></u>

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

The computation of diluted (loss)/earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise price of those options is higher than the average market price for both years ended 31 March 2013 and 2012.

## 9. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	(a)	468,294	468,294
Less: allowance for doubtful debts		<u>(468,294)</u>	<u>(468,294)</u>
		—	—
Other receivables		3,275	410
Due from an associate		<u>70,365</u>	<u>65,967</u>
Loans and receivables		73,640	66,377
Rental and other deposits		437	774
Prepayments		<u>2,734</u>	<u>705</u>
		<u><u>76,811</u></u>	<u><u>67,856</u></u>

Other than rental and other deposits, all of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

### (a) Trade receivables

#### *Transfer of profits of AMA*

In respect of the transfer of profits of AMA for the periods prior to 1 April 2009 and have been overdue for over 3 years (2012: overdue for over 2 years). Due to financial difficulties of AMA, an impairment loss of HK\$468,294,000 was recognised in the year ended 31 March 2010.



## 10. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables	(a)	<b>912</b>	894
Accruals and other payables		<b>107,525</b>	105,095
Due to related companies		<b>156</b>	159
		<hr/>	<hr/>
Financial liabilities measured at amortised cost		<b>108,593</b>	106,148
		<hr/> <hr/>	<hr/> <hr/>

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

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

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 1 month	<b>59</b>	41
Over 1 year	<b>853</b>	853
	<hr/>	<hr/>
	<b>912</b>	894
	<hr/> <hr/>	<hr/> <hr/>

**EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

**BASIS FOR DISCLAIMER OF OPINION**

**(1) Scope limitation — Prior year's audit scope limitation affecting opening balances and corresponding figures**

As detailed in the auditor's report dated 29 June 2012 on the financial statements for the year ended 31 March 2012, the predecessor auditor disclaimed their opinion on the Group's financial statements for the year ended 31 March 2012 because of the significance of the possible effects of the limitation in evidence made available to them such that they were unable to satisfy themselves as to whether:

- a) the prior year's adjustments included in the financial statements for the year ended 31 March 2012 made by the Group for the financial statements for the year ended 31 March 2011 to account for a dilution of its equity interest in Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology") from 49.9% to 24.8% which was effective on 8 November 2010 were free from material misstatement. These adjustments may have significant cumulative effect to the carrying amount of the Group's and the Company's interest in Greek Mythology as at 31 March 2012; and
- b) the Group's share of profit relating to Greek Mythology for the year ended 31 March 2012 and the Group's interest in Greek Mythology as at 31 March 2012 were free from material misstatement.

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

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

As detailed in note 20 to the consolidated financial statements, the management of Greek Mythology did not cooperate with the management of the Group and denied the Group to access their books and records. The audited financial statements of Greek Mythology for the periods from 1 April 2010 to 7 November 2010, from 8 November 2010 to 31 March 2011 and the 2 years ended 31 March 2012 and 2013 were not available. We were unable to determine the Group's share of results of Greek Mythology for the year ended 31 March 2013.

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

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

**(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\$76,811,000 as at 31 March 2013 was an amount of HK\$70,365,000 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 amount due from Greek Mythology 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 as mentioned in the basis for disclaimer opinion paragraph (2). There are no other satisfactory audit procedures that we could adopt to determine whether any impairment allowance for the amount should be made in the consolidated financial statements.
- b) Included in the consolidated statement of financial position as at 31 March 2013 are intangible assets, being the right granted to Greek Mythology to operate and manage certain gaming tables and slot machines, with a carrying amount of HK\$14,319,000. No impairment has been made for the year in this aspect as determined by the directors of the Company based on the cash flow projections and financial budgets prepared by the directors. We were unable to obtain sufficient appropriate audit evidence to ascertain whether the cash flow projection and financial budgets were properly prepared. We were unable to satisfy ourselves as to whether the carrying amount of the intangible assets as at 31 March 2013 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 result for the year and the Group's net assets as at 31 March 2013 and related disclosures in the consolidated financial statements.

**(4) Going concern**

As set out in the consolidated statements of comprehensive income and cash flows, the Group incurred loss for the year of approximately HK\$39,384,000, for the year ended 31 March 2013 and had been experiencing persistent negative operating cash flows. As set out in consolidated statement of financial position, the Group had net current liabilities of approximately HK\$30,717,000 as at 31 March 2013. As set out in Note 2 to the consolidated financial statement, the directors have been implementing various measures to improve the Group's financial position. The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful implementation of these measures. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and therefore do not include any adjustments relating to the realisation of assets and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

## **Disclaimer of opinion**

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and of the Group's loss for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Prospects and outlook**

In light of the property market of the United States, the debt crisis in Europe, the economic growth rate of the PRC and the currency policy of Japan are the dominant factors affecting the global economic environment. The Group believes that it would be another challenging year given the unstable and uncertain economic condition.

Leveraging on the extensive experience gained from operating in Macau, the Group will seek to branch out its gaming and entertainment investments beyond Macau. With the potential acquisition of a company (the "Target Company") which have entered into two memorandums of understanding to obtain an exclusive right to set up and operate a casino located in the Lara Park Hotel, Girne, TRNC and to acquire 10% of the Lara Park Hotel. The Target Company is owned as to 73.45% by Mr. Ng Man Sun, who is the chairman, chief executive officer and substantial shareholder of the Company. The Group will gradually extend its foothold in the gaming and entertainment industry around the world.

The Group's strategy is to develop into an investment holding company with multiple stable income sources to avoid overdependence on a single line of business. It will seek to diversify its investment portfolio when it identifies good business opportunities.

During the year under review, the Group has gone through a challenging period in terms of internal structural changes and the relationship with certain associate. The Group has taken the necessary actions to address and resolve the issues. We also see challenges together with opportunities ahead and remain confident and optimistic about our business prospects. Looking forward, the Group will focus onto developing new businesses and maximizing returns for its shareholders.

### **Financial review**

The Group is principally engaged in investments in gaming and entertainment related business. During the year ended 31 March 2013, the Group recorded a loss of approximately HK\$39.3 million, as compared to a net profit of approximately HK\$161.1 million for the corresponding period last year. The loss was mainly due to the fact that relevant financial information of Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology"), an associate of the Group which operates and manages Greek Mythology Casino and in which the Group owns 24.8% equity interest, was not made available during the period under review. As a result, the aforesaid information was not incorporated in the annual consolidated financial statements.

Other investments of the Group include LE Rainbow China Ltd (“LE-China”), a wholly owned subsidiary of the Group primarily engaged in the distribution of a proprietary electronic lottery sales system in Guangxi, China. During the period under review, commission income from provision of service to Guangxi Public Welfare Lottery Issue Centre amounted to HK\$694,000, as compared to HK\$121,000 for the same period last year.

During the period under review, the Group registered a turnover of approximately HK\$5.5 million, as compared to approximately HK\$4.9 million for the corresponding period last year.

The Group also holds retail shops as investment properties. During the Period under review, net contribution from these operations was approximately HK\$152,000 (HK\$228,000 for the same period last year).

The Group is proactively seeking opportunities to diversify its business and expand its income sources. The Group is well-positioned to take advantages of its experience in gaming and entertainment to develop business beyond Macau. On 28 June 2013, the Group announced its plan on a potential acquisition of the Target Company which have entered into two memorandums of understanding to obtain an exclusive right to set up and operate a casino located in the Lara Park Hotel, Girne, TRNC and to acquire 10% of the Lara Park Hotel.

In the meantime, the Group is seeking further diversification of its business while maintaining its status as an investment holding company. The Group is exploring acquisition opportunities over the world.

At a special general meeting held on 27 March 2013, shareholders of the Company approved the implementation of share consolidation on the basis that every 20 shares in the issued and unissued share capital of the Company will be consolidated into one share. The Company believes that the share consolidation will reduce transaction costs and enable the Company to maintain a quality shareholder base.

On 4 June 2013, the Company entered into a placing agreement with a placing agent to place up to 9.6 million new shares of the Company at a price of HK\$0.83 per placing share. The new shares represent approximately 4.62% of the existing issued share capital of the Company as of 4 June and approximately 4.42% of the issued share capital as enlarged by the allotment and issue of the placing shares.

## **Business overview**

### *Greek Mythology Casino*

The Group holds 24.8% equity interest in Greek Mythology, which currently has approximately 20 VIP gaming rooms and a gaming floor targeting the mid-range to high-end market customers from Mainland China and other Asian regions. During the year under review, Greek Mythology terminated the operating rights of 40 gaming tables in Greek Mythology Casino and returned them to SJM Holdings Limited (“SJM”) with effect from 13 August 2012. To the best knowledge of the Board, the 40 gaming tables returned to SJM accounted for approximately 33% of the total number of gaming tables in Greek Mythology Casino, thus would impact the financial performance of the associate.

As Greek Mythology is a significant investment of the Group, the new management of the Group is taking proactive actions to strengthen communication with the management of Greek Mythology in order to address and resolve the controversy.

## *LE-Guangxi*

Through LE-China, the Group currently holds 70% beneficial equity interest in Nanning Inter-Joy LOTTO Information Service Co. Ltd. (“LE-Guangxi”). As a lottery related service company in cooperation with the Welfare Lottery authority of Guangxi, LE-Guangxi’s Guangxi operation is primarily engaged in the distribution of proprietary electronic lottery sales system for its sales location providers, and self-operated lottery parlors aimed at high-end players.

## *Other businesses*

The Group, through its subsidiaries, has invested in the VIP gaming businesses and the operation of electronic slot machine in Macau. For the financial year ended 31 March 2013, the Group recorded a revenue of HK\$4.8 million from these operations (2012: HK\$4.8 million).

Moreover, the Group holds some retail shops as investment properties.

## **Post-reporting period acquisition plans**

Leveraging on its experience in the gaming and entertainment industry, the Group announced its plan to acquire a company, which 73.45% of its shares is held by the substantial shareholder of the Company, which have entered into two memorandums of understanding to obtain an exclusive right to set up and operate a casino located in the Lara Park Hotel, Girne, TRNC and to acquire 10% of the Lara Park Hotel, after the reporting period. In order to boost its economy and ease unemployment, the Cypriot government lifted the ban on casino operation in April this year. The government will allow the opening and operation of casinos in Northern Cyprus. Cyprus is a cross-continental gateway and a blooming tourist destination for high-end travelers from Europe, Asia and Africa. The planned acquisition will enable the Group to take the first-mover advantages and tap into the gaming and entertainment potential of the Mediterranean market.

In addition, the Group is actively seeking for high potential investment opportunities to maximize shareholders value. Other than opportunities in gaming and entertainment business, the Group will explore for other industry for potential investment.

## **Changes of directors**

At a special general meeting held on 12 September 2012, it was resolved by ordinary resolutions that Mr. Cheung Nam Chung, Mr. Ng Chi Keung, Ms. Li Wing Sze, Mr. Lau Dicky, Mr. Lei Kam Chao, Ms. Deng Xiaomei, Mr. Yoshida Tsuyoshi and Mr. Cheng Kai Tai, Allen were removed as directors of the Company. Mr. Ng Man Sun, Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Li Tang and Dr. Chow Ho Wan, Owen were appointed as directors of the Company.

Earlier this year, Ms. Sie Nien Che, Celia and Mr. Li Chi Fai were appointed as independent non-executive directors and members of Audit Committee of the Company. In March 2013, Dr. Chow Ho Wan, Owen tendered his resignation as independent non-executive director and chairman and member of Audit Committee of the Company. And at a special general meeting held on 27 March this year, shareholders of the Company approved the removal of Dr. Dingjie Wu and Mr. Li Li Tang from the office of independent non-executive director with immediate effect.

Currently, Mr. Ng Man Sun, Ms. Ng Wai Yee, Mr. Li Chi Fai, Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia are the members of the Board. The board is confident that its directors will work collectively towards a common goal and vision for the best interest of the Group and its shareholders.

## **Appointment of new auditor**

At a special general meeting held on 27 March 2013, shareholders of the Company approved the appointment of CCIF CFA Limited as the new auditor of the Company.

## **Other Financial Items**

### *Consolidated Income Statement*

- the Group's selling and distribution expenses amounted to approximately HK\$1.83 million in 2013, compared to approximately HK\$1.99 million for the same period in 2012, representing approximately 7.8% decrease in expenses. This was primarily due to the decrease of selling expenses in LE-Guangxi.
- General administrative expenses were approximately HK\$34.3 million in 2013, as compared to approximately HK\$23.5 million for the same period in 2012, representing an increase of approximately 46.2%.
- Finance costs of the Group were approximately HK\$10.2 million in 2013, as compared to approximately HK\$9.5 million for the same period in 2012, representing an increase of approximately 7.2%.

### *Consolidated Statement of Financial Position*

- Value of investment properties owned by the Group was approximately HK\$6.31 million as at 31 March 2013, compared to approximately HK\$4.42 million for the same period in 2012, representing an increase of approximately 42.8% due to favorable revaluation.
- trade and other receivables as at 31 March 2013 were approximately HK\$76.8 million (31 March 2012: approximately HK\$67.9 million).
- Cash and cash equivalents as at 31 March 2013 were approximately HK\$1.2 million, compared to approximately HK\$28.4 million at the same time in 2012.
- trade and other payables as at 31 March 2013 were approximately HK\$108.6 million (31 March 2012: approximately HK\$106.1 million).
- Promissory notes as at 31 March 2013 were HK\$155.2 million (31 March 2012: HK\$145.1 million). The Group had an obligation under finance lease of HK\$593,000 (2012: HK\$Nil) as at 31 March 2013.

## **Final Dividend**

The board of Directors of the Company does not recommend the payment of a final dividend as at 31 March 2013, there was no interim dividend payment during the financial year.

## **Liquidity and Financial Resources**

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

As at 31 March 2013, the Group had total assets and net assets of approximately HK\$1,292 million (2012: approximately HK\$1,310 million) and HK\$1,027 million (2012: approximately HK\$1,059 million), comprising non-current assets of approximately HK\$1,213 million (2012: approximately HK\$1,214 million) and current assets of approximately HK\$78 million (2012: approximately HK\$96 million) which were financed by shareholders' funds of approximately HK\$1,027 million (2012: approximately HK\$1,059 million). Non-controlling interests of approximately HK\$(0.35) million (2012: approximately HK\$0.55 million), current liabilities of approximately HK\$109 million (2012: approximately HK\$106 million) and non-current liabilities of approximately HK\$156 million (2012: approximately HK\$145 million).

As at 31 March 2013, the Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 26% (2012: 21%). As at 31 March 2013, the Group recorded a net cash outflow of approximately HK\$27 million (2012: outflow of approximately HK\$4 million). As at 31 March 2013, the Group had cash and cash equivalents of approximately HK\$1.2 million (2012: approximately HK\$28 million).

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

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

### **Employees and Remuneration Policy**

As at 31 March 2013, the Group had employees in Hong Kong and Macau, the Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages, their salaries and bonuses were determined by reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund scheme in Hong Kong, and provides employees with medical insurance coverage. A share option scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

### **Contingent Liabilities**

the Group and the Company had no significant contingent liabilities as at 31 March 2013.

### **Investor Relations**

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

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with all code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2013 with the exception of certain deviations as further explained below.

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



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

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

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

Under code provision A.5.1 of the CG Code, issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

Following the removal of Mr. Li Li Tang (“Mr. Li”) as an INED of the Company on 27 March 2013, Mr. Li ceased to be a member of the nomination committee (the “Nomination Committee”) of the Company. As a result, the number of INED of the Nomination Committee has fallen below the majority requirement under code provision A.5.1. On 11 April, 2013, following the appointment of Ms. Sie Nien Che, Celia, being an INED, the Company has complied with the majority requirement of nomination committee members under the CG Code.

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 of 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.

## **Remuneration Committee**

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

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

## **Nomination Committee**

The current Nomination Committee comprises one Executive Director and two INEDs, 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 2013.

## **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 2013.

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

Hong Kong, 1 July 2013

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

\* *for identification purpose only*