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AMAX INTERNATIONAL HOLDINGS LIMITED
奧瑪仕國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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 respective impairment losses of the interest in Greek Mythology and the amount due from Greek Mythology last year. The carrying amount of impairment losses related to Greek Mythology were approximately HK$901.2 million.
- Net loss for the financial year ended 31 March 2018 amounts to approximately HK$50.7 million, compared to approximately HK$988.5 million for the financial year ended 31 March 2017. The decrease in loss was mainly due to the result of continuing cost streamlining efforts made by the Group and the reduction of the recognition of impairment losses during the year.
- Loss per share amounts to approximately HK$0.07 compared to approximately HK$1.96 last year.
- The Group's net assets amount to approximately HK$359.2 million, increased by approximately HK$26.3 million and represent approximately 7.9% increase as compared to the figure last year.

The board (the "Board") of directors (the "Directors") of Amax International Holdings Limited ("Amax" or the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 March 2018 (the "2018 Annual Results"), as follows:

The 2018 Annual Results of the Group do not reflect the actual performances of Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology" or the "Associate"), an associate of the Company which operates and manages Greek Mythology Casino, due to the failure in accessing Greek Mythology's financial information in a timely manner. The Company will make further announcement once relevant financial information of the Associate is obtained.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	4	**62,206**	11,401
Cost of sales		**(31,403)**	(4,957)
Gross profit		**30,803**	6,444
Other income	5	**1,700**	4
Impairment losses of intangible assets		**(24,823)**	(41,910)
Impairment losses of amount due from an associate		**—**	(63,567)
Impairment losses of interest in an associate		**—**	(837,641)
Selling and distribution expenses		**(3,660)**	(44)
Fair value change of derivative financial assets		**(222)**	—
General and administrative expenses		**(53,154)**	(56,996)
Gain on disposal of subsidiaries		**—**	5,533
Finance costs	6	**(1,160)**	(343)
Loss before taxation		**(50,516)**	(988,520)
Income tax	8	**(218)**	–
Loss for the year		**(50,734)**	(988,520)
Attributable to:			
Owners of the Company		**(52,772)**	(983,869)
Non-controlling interests		**2,038**	(4,651)
Loss for the year		**(50,734)**	(988,520)
Loss per share			
– Basic (HK cents)	10	**(7.48)**	(195.78)
– Diluted (HK cents)	10	**(7.48)**	(195.78)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(50,734)**	(988,520)
Other comprehensive expense for the year		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	—	2
Exchange reserve reclassified on disposal of subsidiaries	—	(189)
Total comprehensive expense for the year	**(50,734)**	(988,707)
Total comprehensive expense attributable to:		
Owners of the Company	**(52,772)**	(984,057)
Non-controlling interests	**2,038**	(4,650)
	(50,734)	(988,707)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**8,715**	13,819
Intangible assets	11	**127,241**	139,227
Goodwill		**41,761**	–
Interest in an associate		**353,568**	353,568
Deposits paid for acquisition of computer software and property, plant and equipment		**5,742**	4,493
Derivative financial assets		**156**	—
		537,183	511,107
Current assets			
Trade and other receivables	12	**52,848**	27,117
Cash and cash equivalents		**1,759**	1,175
		54,607	28,292
Current liabilities			
Trade and other payables	13	**204,864**	201,958
Obligations under a finance lease		**403**	380
Other borrowings		**10,300**	3,750
Tax payables		**593**	—
		216,160	206,088
Net current liabilities		**(161,553)**	(177,796)
Total assets less current liabilities		**375,630**	333,311
Non-current liabilities			
Obligations under a finance lease		**33**	449
Promissory notes		**12,816**	—
Deferred tax liabilities		**3,616**	—
		16,465	449
NET ASSETS		**359,165**	332,862
Capital and reserves			
Share capital		**163,106**	119,960
Reserves		**142,850**	161,731
Total equity attributable to owners of the Company		**305,956**	281,691
Non-controlling interests		**53,209**	51,171
TOTAL EQUITY		**359,165**	332,862

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 2018 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 2018. The Group incurred a consolidated net loss from operations attributable to owners of the Company of approximately HK$52,772,000 for the year ended 31 March 2018, and had consolidated net current liabilities of approximately HK$161,553,000 as at 31 March 2018.

The directors adopted the going concern basis in the preparation of the consolidated financial statements based on the fundamental assumptions that it would improve the working capital position, the immediate liquidity and the cash flow position of the Group by successfully obtaining the unsecured loan facility from an independent third party up to HK$250,000,000. The loans carrying interest at 24% per annum. The facility has not been utilised up to the date of approval of these consolidated financial statements.

In addition, resolutions were passed at a special general meeting of the Company held on 19 June 2018 by the independent shareholders to approve settlement deeds and issue of convertible bonds in relation to the HK$190 million promissory notes. As a result, the current liabilities of the Group would be reduced by HK$164,500,000.

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 2018 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the 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")

a. New and amended Standards and Interpretations issued that are applicable to March 2018 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 2017:

Amendment to HKAS 7	*Disclosure Initiative;*
Amendment to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised losses; and*
HKFRSs (Amendment)	Annual Improvements to HKFRSs, 2014–2016 Cycle

The amendments to HKAS 7 require an entity to make disclosures that aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities. Reconciliations of various types of the Group's financing liabilities are disclosed in the consolidated financial statements. Other than such additional disclosures, the application of the amendments has not had any material effect on the consolidated financial statements.

The amendments to HKAS 12 clarify when unrealised losses on a debt instrument measured at fair value would give rise to a deductible temporary difference and how to evaluate whether sufficient future taxable profits are available to utilise a deductible temporary difference.

Annual improvements to HKFRSs (2014–2016 cycle) include an amendment to HKFRS 12 that clarifies that, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5 *Non-current Assets held for Sale and Discontinued operations*, it is not required to disclose summarised financial information for that subsidiary, joint venture or associate, as required by HKFRS 12 *Disclosure of Interests in Other Entities*.

The Group has not early adopted any new or revised HKFRSs that are not yet mandatorily effective for the current year. The description, and potential effects of the application if known, of those new or revised HKFRSs are disclosed to the consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2014-2016 Cycle[4]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 For those amendments that will become effective for annual periods beginning on or after 1 January 2018

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

During the year ended 31 March 2017, The Group principally has one operating segment, which is the investments in gaming and entertainment related businesses. Therefore, no segment revenue, results, assets and liabilities has been presented in these consolidated financial statements for the year ended 31 March 2017.

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

	2018		
	Gaming and Entertainment *HK$'000*	**AR/VR and Mobile Games Solutions** *HK$'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, amortisation and impairment, but without allocation of certain 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

	Gaming and Entertainment	AR/VR and Mobile Games Solutions	Total
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Segment assets	136,484	97,614	234,098
Unallocated corporate assets			357,692
Consolidated total assets			591,790
Liabilites			
Segment liabilites	3,977	4,360	8,337
Unallocated corporate liabilities			224,288
Consolidated total liabilities			232,625

	Gaming and Entertainment	AR/VR and Mobile Games Solutions	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets				
Addition to property, plant and equipment	546	—	—	546
Depreciation of property, plant and equipment	5,208	39	639	5,886
Interest expense	—	—	1,160	1,160
Income tax expenses	—	593	—	593
Amortisation of intangible assets	2,048	11,003	—	13,051

(c) Major customer

Revenue of HK$4,800,000 (2017: HK$4,800,000) was receivable from Greek Mythology, an associate of the Group, for the year ended 31 March 2018.

(d) Geographical

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

	2018	2017
	HK$'000	*HK$'000*
Macau	**4,800**	4,800
PRC (excluding Macau and Hong Kong)	**—**	1
Republic of Vanuatu ("Vanuatu")	**17,738**	6,600
Hong Kong	**5,530**	—
Kingdom of Cambodia ("Cambodia")	**34,138**	—
	62,206	11,401

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

	2018	2017
	HK$'000	*HK$'000*
Macau	**357,660**	359,706
Vanuatu	**11,577**	121,538
Hong Kong	**166,188**	29,863
Cambodia	**1,758**	–
	537,183	511,107

4. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
Revenue from investments in gaming and entertainment related businesses		
– Investment in VIP gaming tables related operation	**3,600**	3,600
– Investment in slot machines related operation	**1,200**	1,200
– Investment in gaming operation in Vanuatu	**17,738**	6,600
– Investment in VIP room in Cambodia	**34,138**	—
Commission income on provision of services to Guangxi Welfare Lottery Issue Centre	**—**	1
Services income derived from AR/VR and mobile games solutions	**5,530**	—
	62,206	11,401

5. OTHER INCOME

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

	2018	2017
	HK$'000	*HK$'000*
Interest income from banks	**—**	2
Reversal of impairment loss on intangible assets	**1,700**	—
Exchange gain	**—**	2
	1,700	4

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on promissory notes	**326**	2
Finance charges on obligations under a finance lease	**19**	31
Interest on other borrowings	**815**	310
Total interest expenses on financial liabilities not at fair value through profit or loss	**1,160**	343

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Staff costs (including directors' emoluments)

	2018	2017
	HK$'000	*HK$'000*
Equity-settled share-based payment expenses	**1,825**	697
Salaries, allowance and other benefits	**9,781**	10,196
Contributions to defined contribution retirement plans	**163**	130
	11,769	11,023

(b) Other items

	2018	2017
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**5,886**	4,964
Amortisation of intangible assets	**13,051**	11,133
Auditors' remuneration	**930**	810
Equity-settled share-based payment expenses to consultants	**1,915**	427
Written off of other receivables	**—**	3,672
Operating lease charges in respect of premises:		
– minimum lease payments	**7,488**	4,975

8. INCOME TAX (EXPENSES)/CREDIT

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% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2018	2017
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year provision	**(593)**	—
Deferred tax		
Current year	**375**	—
Total tax expenses for the year	**(218)**	—

9. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 March 2018 (2017: 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$55,772,000 (2017: HK$983,869,000) and the weighted average number of 705,533,000 (2017: 502,538,000) ordinary shares in issue during the year.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2018 and 2017 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 2016, 31 March 2017 and 1 April 2017	30,600	20,000	47,092	153,488	—	—	251,180
Acquisition of AR/VR and mobile games solutions	—	—	—	—	24,100	88	24,188
At 31 March 2018	30,600	20,000	47,092	153,488	24,100	88	275,368
Amortisation and impairment							
At 1 April 2016	—	13,858	45,052	—	—	—	58,910
Charge for the year	—	1,536	509	9,088	—	—	11,133
Impairment	2,300	—	—	39,610	—	—	41,910
At 31 March 2017 and 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	600	16,929	46,071	82,253	2,209	65	148,127
Carrying amount							
At 31 March 2018	30,000	3,071	1,021	71,235	21,891	23	127,241
At 31 March 2017	28,300	4,606	1,531	104,790	—	—	139,227

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

	2018	2017
	HK$'000	*HK$'000*
Trade receivables (a)	**2,618**	—
Other receivables	**20,655**	3,272
Due from an associate	**26,100**	21,300
Rental and other deposits	**2,360**	2,356
Loans and receivables	**51,733**	26,928
Prepayments	**1,115**	189
	52,848	27,117

(a) Trade receivables

	2018	2017
	HK$'000	*HK$'000*
Accounts receivables	**2,618**	—

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

	2018	2017
	HK$'000	*HK$'000*
0-90 days	**2,118**	—
Over 180 days, but within 1 year	**500**	—
	2,618	—

Ageing of accounts receivable which are past due but not impaired:

	2018	2017
	HK$'000	*HK$'000*
Over 180 days	**500**	—

13. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Accruals and other payables (a)	**204,380**	201,474
Due to related companies (b)	**484**	484
	204,864	201,958

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 (2017: 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 2018

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 2018, 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 2017, our auditor's opinion on the consolidated financial statements for the year ended 31 March 2017 (the "2017 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 2017 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 2017 and 1 April 2017 and hence of the Group's financial performance and cash flows for the year ended 31 March 2018. 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

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. We were therefore unable to determine the Group's share of net assets and results of Greek Mythology and impairment assessment of the Group's interest in the associate and of the amounts due from the associate.

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 gross carrying amount before impairment loss allowance of the Group's interest in Greek Mythology of approximately HK$1,191,209,000 as at 31 March 2018 and 2017 and the Group's share of results of Greek Mythology for the year ended 31 March 2018 were free from material misstatements. There are no other satisfactory audit procedures that we could adopt to determine whether any adjustments to the amounts were necessary.

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

(a) Included in the Group's trade and other receivables of approximately HK$27,117,000 as at 31 March 2018 was an amount of approximately HK$26,100,000 due from Greek Mythology. We were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the impairment assessment for making the provision for the impairment of this amount because (i) we were unable to carry out effective confirmation procedures in relation to the balance receivable for the purpose of our audit; and (ii) there is no information available for us to assess the financial position of Greek Mythology from which the management of the Group was denied access to their books and records as mentioned in the Basis for Disclaimer of Opinion paragraph (2). There are no other satisfactory audit procedures that we could adopt to determine whether the recoverability of amount due from Greek Mythology and its recognition were free from material misstatement.

(b) Included in the consolidated statement of financial position as at 31 March 2018 are 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 HK$4,091,000. No impairment has been made for the year in this aspect as the directors of the Company determined that the value in use of the rights exceeded their carrying amount based on the cash flow projections and financial budgets prepared by the directors. However, we were unable to obtain sufficient appropriate audit evidence to ascertain whether the cash flow projections and financial budgets were properly prepared. We were therefore unable to satisfy ourselves as to whether the carrying amount of the intangible assets as at 31 March 2018 was fairly stated.

Any adjustments that might have been found to be necessary in respect of the matters mentioned above would have a consequential effect on the results for the years ended 31 March 2018 and 2017 and the Group's net assets as at 31 March 2018 and 2017 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$52,772,000 during the year ended 31 March 2018 and, as of that date, the Group's current liabilities exceeded its current assets by HK$161,553,000. 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 2018 (the "Year under Review"). The 2018 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. Impairment losses on the interest in Greek Mythology and the amount due from Greek Mythology totaling approximately HK$901.2 million had been made.

The Group recorded a revenue of approximately HK$62.2 million for the Year under Review, increasing 445.6% as compared to approximately HK$11.4 million last year. The increase in revenue was mainly attributable to the revenue derived from the gaming business in Vanuatu which has continued to achieve progress after its operation commenced in July 2016 and the stable revenue contributed by the business in Cambodia. Net loss for the Year under Review was approximately HK$50.7 million, decreasing 94.9% as compared to approximately HK$988.5 million last year. The decrease in loss was mainly due to the result of continuing cost streamlining efforts made by the Group and the reduction of the recognition of impairment losses during the year.

Capital Structure

As at 31 March 2018, the Company's total number of issued shares was 815,530,039 (31 March 2017: 599,799,179) at HK$0.20 each. The Group's consolidated net assets totaled approximately HK$359.2 million, representing an increase of approximately HK$26.3 million as compared to that of approximately HK$332.9 million as at 31 March 2017. During the Year under Review and up to the date of this report, the Company completed a number of placing and top-up subscription activities, raising a total of approximately HK$22.41 million as detailed below.

Date of placing and subscription agreement	**Date of completion**	**Price per share**	**No. of shares**	**Net proceeds (approximately)**
		HK$	*'000*	*HK$*
24 May 2017	5 June 2017	0.43	16,000,000	6.80 million
6 September 2017	20 September 2017	0.35	16,000,000	5.31 million
28 September 2017	12 October 2017	0.36	30,000,000	10.30 million

Up to the date of this report, the proceeds from these placings were used for payment of the Company's general and administrative expenses and investment with major items detailed below:

Date of placing and subscription agreement	**24 May 2017** *HK$*	**6 September 2017** *HK$*	**28 September 2017** *HK$*
Net Proceeds	6.80 million	5.31 million	10.30 million
Use of net proceeds			
Staff salaries and Directors' fees	1.43 million	0.72 million	2.14 million
Rental and operating expenses	2.72 million	1.30 million	3.01 million
Legal and professional fees	0.97 million	0.77 million	2.25 million
Investment in Vanuatu gaming business	1.68 million	2.52 million	1.40 million
Settlement of payables	—	—	1.50 million
Total	6.80 million	5.31 million	10.30 million

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 2018, the Group had total assets and net assets of approximately HK$591.8 million (2017: approximately HK$539.4 million) and HK$359.2 million (2017: approximately HK$332.9 million), comprising non-current assets of approximately HK$537.2 million (2017: approximately HK$511.1 million) and current assets of approximately HK$54.6 million (2017: approximately HK$28.3 million) which were financed by shareholders' funds of approximately HK$359.2 million (2017: approximately HK$332.9 million). The Group also had non-controlling interests of approximately HK$52.8 million (2017: approximately HK$51.2 million), current liabilities of approximately HK$216.2 million (2017: approximately HK $206.1 million) and non-current liabilities of approximately HK$16.5 million (2017: approximately HK$0.4 million).

The Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 65% (2017: 62%). As at 31 March 2018, the Group had cash and cash equivalents of approximately HK$1.8 million (2017: approximately HK$1.2 million).

Resolving the Prolonged Litigation

On 22 March 2006, the Group issued a batch of 10-year zero-interest promissory notes with a total face value of approximately HK$1,454,722,000 as part of the consideration for acquiring a further 30% equity interest in Greek Mythology. Of the aforementioned amount, a promissory note of HK$150,000,000 (the "PN1") was issued to Ms. Lee Bing ("Ms. Lee") and promissory notes for the aggregate sum of HK$150,000,000, all dated 1 April 2006, were issued to Mr. Huang Jian Nan ("Mr. Huang") (the "2006 Promissory Notes"), and that a promissory note of the amount of HK$40,000,000 dated 18 September 2006 and which was derived from or arose from the purported transfer of the amount of HK$40,000,000 from either one or more of the 2006 Promissory Notes, was issued to Mr. Wu Weide ("Mr. Wu") (the "PN2"). It came to the attention of the Company that the PN 1 and PN 2 were issued to Ms. Lee and Mr. Wu under a mistaken belief that the legal title of the respective promissory note would be properly transferred to them. On 18 March 2016 and 15 September 2016, the Company issued a writ of summons in the Court of First Instance of the High Court of Hong Kong for claims against Ms. Lee and Mr. Wu, respectively. The results of the litigations will not affect the Group's liabilities as prescribed under the promissory notes.

During the Year under Review, the Group had persistently made every effort necessary to resolve the dispute regarding long outstanding items brought forward in the financial statements. On 29 December 2017, the Company entered into the deed of settlement (the "Deed") in relation to the settlement of the abovementioned disputes with Ms. Lee and Mr. Wu (collectively the "Holders"), pursuant to which the Company has agreed with the Holders on a settlement proposal in respect of the PN1 and PN2 concerned. The Company and the Holders agreed that on the seventh business day after the Company has obtained the approvals from the independent shareholders and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "First Payment Date"):

(i) transferring and assigning a total sum of HK$104,500,000 of the PN1 and PN2 in favour of Mr. Ng Man Sun ("Mr. Ng") or such other person or entity as the Company shall nominate; and

(ii) paying a total sum of HK$85,500,000 to the Holders in the following manner:

    (a) the sum of HK$5,500,000 and which shall be paid to the solicitors of the Holders;

    (b) the sum of HK$20,000,000 by the issuance of promissory notes in favour of the Holders and with a maturity date falling on the last business day of the period of nine calendar months after the First Payment Date (the "Second Payment Date");

    (c) the sum of HK$30,000,000 by the issuance of promissory notes in favour of the Holders and with a maturity date falling on the last business day of the period of nine calendar months after the Second Payment Date (the "Third Payment Date"); and

(d) the balance of HK$30,000,000 to be satisfied by the issuance by the Company of a convertible bond in favour of the Holders (the "Convertible Bonds") with the proposed conversion price of the Convertible Bonds at HK$0.249 per share under specific mandate. In case the Holders intend to sell, transfer, assign or dispose of the Convertible Bonds or any part thereof to a third party, the Holders shall first serve a written notice to Mr. Ng, with a copy to the Company offering to sell to Mr. Ng.

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 Deed in favour of the Holders.

Upon the cancellation of the PN1 and PN2, the assignment of the aggregate sum of HK$104,500,000 to Mr. Ng from the Holders will be settled by the Company by issuing the promissory notes ("Ng PN") to Mr. Ng. Meanwhile, on 1 March 2018, the Company had entered into a second deed of settlement (the "Second Deed") with Mr. Ng, pursuant to which the outstanding amount under Ng PN will be settled by issuing the convertible bonds (the "Second Convertible Bonds") by the Company to Mr. Ng at a conversion price of HK$0.30 per share.

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

The abovementioned deeds and issue of convertible bonds have been approved by the independent shareholders at a special general meeting of the Company held on 19 June 2018. As at the date of this report, the Company has just obtained approval from the Listing Committee of the Stock Exchange on the listing of the conversion shares.

The Company is in the view that the PN1 and PN2 which are outstanding are undisputed liabilities of the Company and need to be repaid irrespective of the disputes between Mr. Ng, Ms. Lee and Mr. Wu on the title of the PN1 and PN2. By entering into the Deed and the Second Deed and dismissing the related legal proceedings, the Company can fully resolve the disputes in connection with the PN1 and PN2 and can avoid incurring further legal costs to continue the legal proceedings. The Company believes that with this uncertainty possibly removed shall have positive effect on the financial position and net asset value of the Company.

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

The Year under Review is a bitter and sweet time for the Company. Notwithstanding of the obstacles it faced, the Group has continued to focus on exploring other potential business ventures according to the market developments. The Board understands that healthy development of the Company not only relies on new business opportunities but also a sufficient capital and resources of the Company. During the Year under Review, the investment of the Group in previous years has started to bear fruit whilst the Group had continued to equip itself with its investments in potential business in strategic location of Cambodia as well as to maintain its healthy financial capital. With the foundation cemented during the Year under Review, the Company has begun to take bold yet prudent steps to keep pace with the industry, injecting innovative and advanced technologies and concepts into our existing business whilst opening up new opportunities to the Company.

Gaming business in Vanuatu — 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.

The gaming business in Vanuatu has persistently brought steady contributions to the Group since it commenced operation in July 2016. During the Year under Review, the business recorded gross revenue of HK$17.7 million.

In view of the changing market conditions and to retain control of the situation, the management has continued to adjust its positioning and maintained the more conservative strategy by reviewing and cutting the operational expenses. During the Year under Review, the operation cost has significantly dropped by approximately 50%. The management had also engaged a new operator for management of the business in Vanuatu and we have confidence that this change would bring new impetus and inspiration to the business.

With the transaction regarding exclusive operating rights of the VIP room in Cambodia being completed in November 2017 as set out in the below section, the Board believes that there will be mutual benefits as well as synergy effects to one another and to the existing business of the Company. It further broadens the business horizon of the Group in the ASEAN. The Board bears confidence in the long-term success of the gaming business, which will contribute significantly and positively to the performance of the Group.

Gaming Business in Cambodia — Operating rights of a VIP room

On 30 November 2017, Victor Mind Global Limited, a wholly-owned subsidiary of the Company, as licensee (the "VMG") and Crown Resorts Co., Ltd, as Licensor (the "Licensor"), entered into a license agreement (the "License Agreement"), pursuant to which the Licensor has agreed to rent the VIP Room with 13 baccarat tables at Genting Crown casino in Cambodia (the "VIP Room") to the Licensee for a term of 3 years commencing 1 December 2017.

The operation of the VIP Room was outsourced to an independent operator appointed by VMG. The Directors see Cambodia as a strategic location for the Company to extend its business domain in Southeast Asia. Cambodia has been one of the members of ASEAN since 1997 which has been enjoying numerous free trade arrangements among Asia countries. The Cambodian government has been supporting the local hotel and entertainment industry and more important is that, gambling is illegal in most of the countries sharing borders with Cambodia due to religious or other factors. Cambodian government went on to welcome gambling providers into the country during the past few years and its liberal gambling laws have been successful in attracting major investors into its casino industry. With the combined effect of (i) nil gaming tax is imposed; and (ii) aggressive promotion campaign launched by the Cambodian government, it is expected that gambling industry in Cambodia will continue to experience a high net-worth growth in future.

Apart from the traditional popular gaming and tourist areas, such as Phnom Penh and Sihanoukville, in border towns such as Poipet, there are “casino strips” between border checkpoints so that foreign nationals may cross the border to gamble then return home without officially passing through the Cambodian checkpoint, thereby eliminating the need for visas.

Given the above, the management of the Company is of the view that Poipet, where the VIP Room is located, has potential to become another well developed gaming city in Cambodia after Phnom Penh. The entering into of the License Agreement with Genting Crown Casino for an exclusive period of three years represents a valuable business opportunity for the Company to promptly develop its gaming business in Cambodia.

Together with the Company’s existing gaming business in Vanuatu, the Board believes that the Company is gradually building a broad network in the gaming and entertainment business beyond Macau, which will also open up new revenue sources for the Company. It also represents an opportunity for the Company to establish its brand name in South East Asia.

Since the commencement of the License Agreement in December 2017, the revenue brought by the VIP Room in Cambodia has begun to be reflected in the financial results for the Year under Review. The Directors are more than confident that the business performance will live up to the expectation and generate steady revenue to the Group.

Augmented reality (“AR”)/Virtual reality (“VR”) entertainment — Explicitly Grand Investments Limited

On 18 July 2017, Digital Zone Global Limited (the “Purchaser”), a wholly-owned subsidiary of the Company, agreed to acquire 100% interests in Explicitly Grand Investments Limited (“Explicitly Grand”) at a consideration of HK$63,500,000 (the “Acquisition”). The Acquisition was subsequently completed on 18 October 2017.

Explicitly Grand and its subsidiaries ("Explicitly Grand Group") are specialised in the AR/VR entertainment developments and apps on mobile devices platforms and also provide customised IT and design solutions for its customers which include real estate companies, retails, food and beverage, electronics, manufacturing and entertainment and theme parks in China. The Directors believes that the Acquisition would enable the Group to equip with the latest AR/VR technologies and research capabilities and in the long run, as part of its strategy to leverage on its expertise in the gaming and entertainment businesses, to seize the opportunity to expand the Group's entertainment business in the AR/VR apps and entertainment platforms. With the possible development in blockchain technology business brought by LDJ Cayman Fund Ltd., the blockchain technology advisor we engaged on 18 January 2018, details of which shall be stipulated below, the Company shall investigate on the opportunities for strategic collaboration of the two technologies and create economies of scales of the overall businesses.

During the Year under Review, the Group has started consolidating the financial results of Explicitly Grand Group into the Group since the completion of the Acquisition. In addition, the Explicitly Grand Group has also fulfilled the guaranteed profit for the year ended 31 March 2018, details of which shall be disclosed below. The Board believes that it will continue to contribute stream of revenue and cash flow support to the Group.

Mobile Game Apps

Sustainable business will only be achieved with appropriate steps taken in accordance to the market situation and the Company's business. In 2017, the Company has acquired 30 mobile game apps ("Mobile Game Apps") and during the Year under Review, the Company was striving for the design and development of its own platform.

During the Year under Review, the Company has been reviewing the business performance of the Group's existing business segments, the Company was determined to focus more resources on the Group's gaming business and IT solutions business. On the other hand, the Group is sourcing fund to proceed with the cash flow requirement under the settlement deed dated 29 December 2017 as disclosed below. Therefore, the Company decided to dispose of the Mobile Game Apps business. On 30 April 2018, Digital Zone Global Limited, a wholly-owned subsidiary of the Company incorporated in British Virgin Islands, as vendor (the "Vendor") and Bole International Investment Co., Ltd., an independent third party (as defined in the Listing Rules), as the purchaser (the "Purchaser") had entered into an agreement (the "Agreement") pursuant to which the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase the Mobile Game Apps at a consideration of HK$30,000,000 (the "Consideration").

The Consideration represents a premium over the carrying value of the Mobile Game Apps of HK$28,300,000 as at 30 April 2018. The net cash proceeds from the disposal, after deducting the estimated expenses in relation to the disposal, will amount to approximately HK$29.8 million. The Directors are of the view that the disposal will strengthen the Group's cash position to (i) meet the cash flow requirement under the settlement deed when materialized; (ii) retain resources to develop the Group's gaming business and IT solutions business; and (iii) for general working capital to maintain daily operation of the Group.

Blockchain Technology

The blockchain technology is undeniably one of the most ingenious recent invention in the IT world. It redefines and changes the way we transact and is believed to be the key architecture for digital currency like Bitcoin. It advances the verification of authenticity and the security of cryptography while maintaining the openness of the internet, building a safer internet system for online transactions.

Grabbing hold of this new technology with huge potential, the Company had entered into an advisory agreement with LDJ Cayman Fund Ltd. (the "Advisor") on 18 January 2018 pursuant to which the Advisor shall act as the non-exclusive advisor of the Company to source and/or set up projects and/or business in relation to blockchain technology and cryptocurrency which must be subject to compliance with relevant law and regulations.

Through the co-operation between the Company and the Advisor, the Company wishes to diversify its business operations, broaden its income sources and explore investment and/or development opportunities which may increase the return to the Shareholders. The Company is optimistic about the future prospects of blockchain technology and its application across the global communities. Blockchain technology is safer, more usable, more efficient and smarter than traditional technologies. Given the solid background of Mr. Drake, the founder of the Advisor, in the blockchain industry, the Company believes that the co-operation between the Company and Mr. Drake presents a valuable business opportunity for the Company to step into the area of blockchain technology.

Greek Mythology

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

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

On 7 June 2018, the Company was informed by the Macau lawyer that the Macau Court had failed to summon the existing board members of Greek Mythology on 29 May 2018. The Macau lawyer advised that they have then submitted a request to the Macau Court for the approval for publicly publishing the corresponding summons. As at the date of this report, the responses from the Macau Court to this request are still pending.

Given that the granting of the court order on the Application is subject to the procedural time of the Macau Court, the Company is advised that it is expected to take further 8 to 18 months, depends on the development of the Application, to complete the necessary legal proceedings of the Application in order to allow the Company to get direct access to the financial information of Greek Mythology.

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

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.

LITIGATION

On 22 March 2006, the Company issued 10-year zero-interest promissory notes with total face value of approximately HK$1,454,722,000 as part of the consideration to the further 30% equity interest in Greek Mythology, out of which a promissory note of HK150,000,000 (the "PN 1") was issued to Ms. Lee Ping ("Ms. Lee"), and other promissory notes for the aggregate sum of HK$150,000,000 were issued to Mr. Huang Jian Nan ("Mr. Huang") (the "2006 Promissory Notes"), and that a promissory note for the amount of HK$40,000,000 and which was derived from or arose from the purported transfer of HK$40,000,000 from either one or more of the 2006 Promissory Notes was issued to Mr. Wu Weide ("Mr. Wu") (the "PN 2"). Ms. Lee, Mr. Huang and Mr. Wu were independent third parties independent of and not connected with the Company and its connected person(s). It came to attention of the Company that the 2006 Promissory Notes were issued by mistake and that the PN 1 issued to Ms. Lee and the PN 2 issued to Mr. Wu were under a mistaken belief that the legal title of the PN 1 and PN 2 would be properly transferred to Ms. Lee and Mr. Wu respectively.

On 18 March 2016, the Company issued a writ of summons in the Court of First Instance of the High Court of Hong Kong claiming against Ms. Lee for the followings:

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

On 15 September 2016, the Company issued a writ of summons in the Court of First Instance of the High Court of Hong Kong claiming against Mr. Wu for the followings:

1. a declaration that the 2006 Promissory Notes issued by the Company to Mr. Huang were issued by mistake and therefore the PN 2 issued by the Company to Mr. Wu is null and void;
2. an order that Mr. Wu to deliver the PN 2 to the Company;
3. an injunction to restrain Mr. Wu whether by himself, his servants or agents or otherwise howsoever from negotiating or indorsing the PN 2;
4. further and other relief; and
5. costs.

The Directors would like to emphasize that the results of the litigation will not affect the Group's liabilities under the PN 1 and PN 2.

Details of the litigation are set out in the Company's announcements dated 21 March 2016 and 15 September 2016.

EVENTS AFTER THE REPORTING PERIOD

1) On 30 April 2018, Digital Zone Global Limited, a wholly-owned subsidiary of the Company and Bole International Investment 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 completed.

2) On 29 December 2017, the Company entered into the Deed of Settlement (the "Deed") in relation to the settlement of the disputes on the HK$190 million promissory notes (the "PNs") with Ms. Lee and Mr. Wu (collectively the "Holders"), pursuant to which the Company has agreed with the Holders on a settlement proposal in respect of the PNs concerned. The Company and the Holders agreed that on the seventh business day after the Company has obtained the approvals from the independent shareholders and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "First Payment Date"):

   i) transferring and assigning a total sum of HK$104,500,000 of the PNs in favour of Mr. Ng Man Sun ("Mr. Ng") or such other person or entity as the Company shall nominate; and

   ii) paying a total sum of HK$85,500,000 to the Holders in the following manner:

      (a) the sum of HK$5,500,000 and which shall be paid to the solicitors of the Holders;

      (b) the sum of HK$20,000,000 by the issuance of promissory notes in favour of the Holders and with a maturity date falling on the last business day of the period of nine calendar months after the First Payment Date (the "Second Payment Date");

      (c) the sum of HK$30,000,000 by the issuance of promissory notes in favour of the Holders and with a maturity date falling on the last business day of the period of nine calendar months after the Second Payment Date (the "Third Payment Date"); and

      (d) the balance of HK$30,000,000 to be satisfied by the issuance by the Company of a convertible bond in favour of the Holders (the "Convertible Bonds") with the proposed conversion price of the Convertible Bonds at HK$0.249 per share under specific mandate. In case the Holders intend to sell, transfer, assign or dispose of the Convertible Bonds or any part thereof to a third party, the Holders shall first serve a written notice to Mr. Ng, with a copy to the Company offering to sell to Mr. Ng.

   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 Deed in favour of the Holders.

   Upon the cancellation of the PNs, the assignment of the aggregate sum of HK$104,500,000 to Mr. Ng from the Holders will be settled by the Company by issuing the promissory notes ("Ng PN") to Mr. Ng.

On 1 March 2018, the Company had entered into a second deed of settlement (the "Second Deed") with Mr. Ng, pursuant to which the outstanding amount under Ng PN will be settled by issuing the convertible bonds (the "Second Convertible Bonds") by the Company to Mr. Ng at a conversion price of HK$0.30 per share.

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

The abovementioned deeds and issuance of convertible bonds have been approved by the independent shareholders at a special general meeting of the Company on 19 June 2018. Up to the date of the approval of the consolidated financial statements, the Company is in the process of obtaining approval from the listing committee of the Stock Exchange on the listing of the conversion shares.

OUTLOOK

Persistence, patience and perspiration makes unbeatable combination of success. During the Year under Review, the Board believes that the enormous effort of the Company for these years to settle the lengthy dispute in relation to promissory notes has paid off. With the long-last gloominess set aside, and more encouragingly, the injection of projects and knowledge of new advanced technology during the Year under Review, the Company is more than equipped to set off to develop the existing and new business with full gear. The steps made during the Year under Review were strategic moves to not only diversify the income source of the Company, but also to tie up the various business of the Company, creating synergy effects with one another. The usage of blockchain technology, for example, is now beyond merely on digital currency but has been commonly applied to support peer-to-peer payment services and supply chain tracking and more. It is not surprising to apply the blockchain technology to support our business with the AR/VR.

Envision the flourishing of tourism in Cambodia, the Company sees it a strategic location to develop and expands its entertainment business in South East Asia and other parts of the world. Together with the business operation in Vanuatu, the Company had laid a solid foundation to explore business opportunities beyond Macau. Not only do these business operations open up new revenue streams to the Company, they help build various business networks as well as establish a brand name of the Company in ASEAN.

The Group has refined the business structure during the Year under Review to retain sufficient resources for development of the gaming business in Vanuatu and Cambodia and the new IT technologies and the Group will continue to keep pace with the market trends and take appropriate corporate actions for the sustainable development of the Company and create long term value for its shareholders and the investors.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2018, 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 2018. 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 2018 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 2017. 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 2017 and the special general meeting of the Company held on 15 September 2017.

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 2018.

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 2018.

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 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on this preliminary announcement.

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

Hong Kong, 28 June 2018

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.