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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

The board (the “Board”) of directors (the “Directors”) of Amax International Holdings Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2017 (the “Period under Review”), together with the unaudited comparative figures for the corresponding period in 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

		Six months ended	
		30 September	
		2017	2016
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	<i>5</i>	10,530	4,109
Cost of sales		<u>(3,203)</u>	<u>(3,001)</u>
Gross profit		7,327	1,108
Other income	<i>6</i>	—	5,535
Selling and distribution expenses		(2,040)	(1,065)
General and administrative expenses		(19,090)	(23,626)
Finance costs	<i>7</i>	<u>(113)</u>	<u>(239)</u>
Loss before taxation	<i>8</i>	(13,916)	(18,287)
Income tax	<i>9</i>	—	—
Loss for the period		<u><u>(13,916)</u></u>	<u><u>(18,287)</u></u>
Attributable to:			
Owners of the Company		(13,797)	(15,193)
Non-controlling interests		<u>(119)</u>	<u>(3,094)</u>
Loss for the period		<u><u>(13,916)</u></u>	<u><u>(18,287)</u></u>
Loss per share		<i>HK Cents</i>	<i>HK Cents</i>
— basic and diluted	<i>11</i>	<u><u>(2.25)</u></u>	<u><u>(3.18)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 September 2017

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(13,916)	(18,287)
Other comprehensive income/(expense) for the period		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of group entities outside Hong Kong, net of tax	—	2
Exchange reserve realised on disposal of subsidiaries	—	(189)
	<u> </u>	<u> </u>
Total comprehensive expense for the period	<u>(13,916)</u>	<u>(18,474)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(13,797)	(15,381)
Non-controlling interests	(119)	(3,093)
	<u> </u>	<u> </u>
	<u>(13,916)</u>	<u>(18,474)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	<i>Note</i>	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Unaudited)
Non-current assets			
Property, plant and equipment		10,910	13,819
Intangible assets		132,144	139,227
Interest in an associate	<i>12</i>	353,568	353,568
Deposits paid for acquisition of computer software		4,493	4,493
		501,115	511,107
Current assets			
Other receivables	<i>13</i>	34,944	27,117
Cash and cash equivalents		731	1,175
		35,675	28,292
Current liabilities			
Other payables	<i>14</i>	199,556	201,958
Obligations under a finance lease		397	380
Other borrowings		4,160	3,750
		204,113	206,088
Net current liabilities		(168,438)	(177,796)
Total assets less current liabilities		332,677	333,311
Non-current liabilities			
Obligations under a finance lease		236	449
NET ASSETS		332,441	332,862
Capital and reserves			
Share capital		127,106	119,960
Reserves		154,283	161,731
Total equity attributable to owners of the Company		281,389	281,691
Non-controlling interests		51,052	51,171
TOTAL EQUITY		332,441	332,862

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. GENERAL INFORMATION

Amax International Holdings Limited (the “Company”) was incorporated and domiciled in Bermuda with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company is Units 5106-07, 51/F, The Center, 99 Queen’s Road Central, Central, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are investments in gaming business, VIP gaming tables related operation, slot machines related operation, and investment holding. The principal activities of its associate are provision of casino management services including sales, promotion, advertising, patron referral, patron development and coordination of casino activities.

2. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Annual Report of the Group for the year ended 31 March 2017.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of the Group, rounded up to the nearest thousand, unless otherwise indicated.

(b) Going concern

In preparing the unaudited condensed consolidated interim financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2017. The Group incurred a consolidated net loss before taxations attributable to owners of the Company of approximately HK\$13,797,000 for the six months ended 30 September 2017, and had consolidated net current liabilities of approximately HK\$168,438,000 as at 30 September 2017.

The directors adopted the going concern basis in the preparation of the unaudited condensed consolidated interim financial statements by successfully obtaining the unsecured loan facility from an independent third party in order to improve the working capital position, the immediate liquidity and the cash flow position of the Group.

In the opinion of the directors, in light of the aforesaid arrangement implemented to date, the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are

satisfied that it is appropriate to prepare the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2017 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 noncurrent liabilities to current respectively. The effect of these adjustments has not been reflected in the unaudited condensed consolidated interim financial statements.

(c) Judgments and estimates

Preparing the unaudited condensed consolidated interim financial statements requires the directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, significant judgments made by the directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost convention except for certain financial instruments which are measured at fair value, as appropriate.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017, except in relation to the following new and revised HKFRSs issued by the HKICPA that affect the Group and are adopted for the first time in the current period's financial statements.

Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 Cycles: amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above amendments to HKFRSs in the current interim period has had no significant financial effect on these unaudited condensed consolidated interim financial statements.

4. SEGMENT REPORT

The Group principally has one operating segment, which is the investments in gaming and entertainment related businesses. Therefore, no segment information has been presented. Additional information about major customer and geographical information of the Group has been disclosed as below.

(a) Major customer

Revenue of HK\$2,400,000 (2016: HK\$2,400,000) was receivable from Greek Mythology (as defined below) for the six months ended 30 September 2017.

(b) Geographical

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

	Six months ended 30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Macau	2,400	2,400
People's Republic of China ("PRC") (excluding Macau and Hong Kong)	—	1
Republic of Vanuatu ("Vanuatu")	8,130	1,708
	<u>10,530</u>	<u>4,109</u>

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

	30 September 2017	31 March 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Macau	358,682	359,706
Hong Kong	29,540	29,863
Vanuatu	112,893	121,538
	<u>501,115</u>	<u>511,107</u>

5. REVENUE

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

	Six months ended 30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from investments in gaming and entertainment related businesses		
— Investment in VIP gaming tables related operation	1,800	1,800
— Investment in slot machines related operation	600	600
— Investment in gaming operation in Vanuatu	8,130	1,708
Commission income on provision of services to Guangxi Welfare Lottery Issue Centre	—	1
	<u>10,530</u>	<u>4,109</u>

6. OTHER INCOME

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

	Six months ended 30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income from banks	—	2
Gain on disposal of subsidiaries	—	5,533
	<u>—</u>	<u>5,535</u>

7. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on promissory notes	—	2
Finance charges on obligations under a finance lease	11	17
Interest on other borrowings	102	220
	<u>113</u>	<u>239</u>

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
a) Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits	4,035	4,625
Contributions to defined contribution retirement plans	62	81
Equity-settled share-based payment expenses	—	697
	<u>4,097</u>	<u>5,403</u>
b) Other items		
Depreciation of property, plant and equipment	2,909	2,262
Amortisation of intangible assets	7,083	1,023
Equity-settled share-based payment expenses	—	427
Loss of wavier accounts	—	3,672
Operation lease charges in respect of premises: — minimum lease payments	2,420	2,462
	<u>2,420</u>	<u>2,462</u>

9. INCOME TAX

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.

For the period ended 30 September 2017, no provision for Hong Kong Profits Tax and Macau Complementary Income Tax has been made as the companies in the Group have no assessable profits in the relevant tax jurisdictions (2016: No provision for Hong Kong Profits Tax, Macau Complementary Income Tax and the People’s Republic of China Enterprise Income Tax has been made as the companies in the Group have no assessable profits in the relevant tax jurisdictions).

10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (2016: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share was based on the unaudited loss attributable to owners of the Company of approximately HK\$13,797,000 (2016: HK\$15,193,000) and the weighted average number of 611,890,000 (2016: 478,263,000) ordinary shares in issue during the Period under Review.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for both the six months ended 30 September 2017 and 2016 in respect of a 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.

12. INTEREST IN AN ASSOCIATE

The financial information of Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology”) is not available since 1 April 2012. The interest in the associate was accounted for in the unaudited condensed consolidated interim financial statements under the equity method using the unaudited financial information of the associate as at 31 March 2012. The carrying amount of the interest in an associate of HK\$1,191,209,000 brought forward from 1 April 2013 was carried forward to 31 March 2017.

During the year ended 31 March 2017, the Group assessed the recoverable amounts of investment in associate and an impairment loss of approximately HK\$837,641,000 was recognised in the consolidated statement of profit or loss.

Therefore, the carrying amount of the interest in an associate was HK\$353,568,000 as at 31 March 2017 and 30 September 2017.

13. OTHER RECEIVABLES

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Other receivables	34,068	28,572
Less: impairment loss	(25,300)	(25,300)
	8,768	3,272
Due from an associate	23,700	21,300
Rental and other deposits	2,356	2,356
	34,824	26,928
Loans and receivables	120	189
Prepayments	34,944	27,117

14. OTHER PAYABLES

	<i>Note</i>	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Accruals and other payables	<i>a</i>	199,072	201,474
Due to related companies	<i>b</i>	484	484
		199,556	201,958

Notes:

- (a) Included in Group's accruals and other payables as at 30 September 2017, represents the payables of promissory notes of HK\$190,000,000.
- (b) The amounts due to related companies are unsecured, non-interest bearing and repayable on demand.

15. LITIGATION

On 22 March 2006, the Company issued 10-year zero-interest promissory notes with face value of approximately HK\$1,454,722,000 as part of the consideration for the acquisition of further 30% equity interest in Greek Mythology, out of which a promissory note of HK\$150,000,000 (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 Company’s liabilities under the PN 1 and PN 2.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) of Amax International Holdings Limited (“Amax” or the “Company”; stock code: 959) report the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2017 (the “Period under Review”) (the “2017 Interim Results”). The 2017 Interim Results have been reviewed by the audit committee of the Company.

FINANCIAL REVIEW

The Group engages principally in investment holdings and investments in niche gaming and entertainment-related businesses. For the Period under Review, the Group had not only continued to consolidate the business resources and further transform and refine its business model, but started expanding its footprints in other parts of the world.

During the Period under Review, the financial information of Greek Mythology (as defined below) was still unavailable for the preparation of the consolidated financial statements of the Company.

The Group recorded a revenue of approximately HK\$10.53 million for the Period under Review, increasing 156.3% as compared to approximately HK\$4.11 million in the corresponding period last year. The increase in revenue was mainly attributable to the revenue derived from the gaming operation in Vanuatu which has continued to achieve progress after its operation commenced in July 2016. Net loss for the Period under Review was approximately HK\$13.92 million, decreasing 23.9% as compared to approximately HK\$18.29 million for the corresponding period last year. The decrease in loss was mainly due to the increase in revenue which is more than offset the one-off gain on disposal of subsidiaries last year and also the result of continuing cost streamlining efforts made by the Group.

Capital Structure

As at 30 September 2017, the Company’s total number of issued shares was 635,530,039 (31 March 2017: 599,799,179) at HK\$0.20 each. The Group’s consolidated net assets totalled approximately HK\$332.44 million, representing a decrease of approximately HK\$0.42 million as compared to that of approximately HK\$332.86 million as at 31 March 2017. During the Period 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 HK\$	No. of shares '000	Net proceeds 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	1.70 million
Rental and operating expenses	2.72 million	1.30 million	2.60 million
Legal and professional fees	0.97 million	0.77 million	2.10 million
Investment in Vanuatu gaming business	1.68 million	2.52 million	1.20 million
Settlement of payables	—	—	1.50 million
Total	<u>6.80 million</u>	<u>5.31 million</u>	<u>9.10 million*</u>

* *Approximately HK\$1.20 million remains unutilized and will be used as intended.*

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 30 September 2017, the Group had total assets and net assets of approximately HK\$536.79 million (31 March 2017: approximately HK\$539.40 million) and approximately HK\$332.44 million (31 March 2017: approximately HK\$332.86 million) respectively, comprising non-current assets of approximately HK\$501.12 million (31 March 2017: approximately HK\$511.11 million) and current assets of approximately HK\$35.68 million (31 March 2017: approximately HK\$28.29 million) which were financed by shareholders' funds of approximately HK\$332.44 million (31 March 2017: approximately HK\$332.86 million). The Group also had non-controlling interests of approximately HK\$51.05 million (31 March 2017: approximately HK\$51.17 million), current liabilities of approximately

HK\$204.11 million (31 March 2017: approximately HK\$206.09 million) and non-current liabilities of approximately HK\$0.24 million (31 March 2017: approximately HK\$0.45 million).

The Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 61% (31 March 2017: approximately 62%).

BUSINESS REVIEW

The Period under Review was a challenging time for the Company. Notwithstanding of the obstacle it faced, the Group has continued to focus on exploring other potential profitable 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 Period under Review, the investment of the Group in 2016 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, preparing itself to the formidable hurdles, if not, making them opportunities for the Company.

Uphold Stable Growth of Existing Business

Business Operation of Forenzia Enterprises Limited

The Group has acquired 60% equity interests in Forenzia Enterprises Limited in 2014, which principally operates gaming business in Vanuatu under an interactive gaming license valid for a period of 15 years from February 2014.

The gaming business in Vanuatu has been making solid contributions to the Group since it commenced operation in July 2016. During the Period under Review, the business recorded gross revenue of approximately HK\$8.13 million. In view of the changing market conditions and to retain control of the situation, the management has proactively adjusted its positioning and adopted a more conservative strategy by reviewing and cutting the operational expenses starting from December 2016.

With the potential offer of an exclusive operating right of the VIP room in Cambodia in September 2017 as set out in the section below, 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. 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.

Mobile Game Apps

Given the rapid growth of the global mobile gaming market, the Group sees huge potential in the mobile games business. With an aim to achieve the best use of its resources and improve its overall performance with diversified investment, the Group has completed the acquisition of 30 mobile game apps (“Mobile Game Apps”) on 30 March 2017 at a consideration of HK\$27 million by issuing 60,000,000 consideration shares.

As at the date of this report, the Group is in the course of designing and developing its own website and game apps and it is expected the Mobile Game Apps would be launched by the first quarter of 2018. Upon launching of the Mobile Game Apps, the Company will be able to leverage its expertise in the gaming and entertainment-related businesses to diversify its business to capture the enormous potential of the mobile communications age.

Explicitly Grand (as defined below) will be responsible for managing and making responsive changes and updates to the Mobile Game Apps, as well as maintaining the customer retention rate and revenue per download. In view of the increasing popularity of the use of mobile devices and mobile entertainment, combined with the Company’s expertise in the gaming and entertainment-related businesses, the Group is confident that the launching of the Mobile Game Apps could bring in additional income streams to the Group.

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.

Subsequent to the publication of the annual report for the year ended 31 March 2016 on 8 July 2016, the Company has issued an announcement on 10 August 2016 providing supplemental information on the Greek Mythology issues. Since then, the Company has been discussing with various professional parties on the next possible appropriate actions to be taken and to address the related disclaimer of opinion issued by the Company’s auditors. Accordingly, further update announcements were issued on 26 June 2017 and 4 September 2017.

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”) which had been an

appropriate action taken in the circumstances. 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 the other hand, the Company has consulted its auditors on the relevant disclaimer of opinion. The auditors are of the view that if sufficient accounting documents were revealed, the audit issues of (i) the Company's interest in Greek Mythology and share of results of Greek Mythology; and (ii) recoverability of amount due from Greek Mythology and valuation of intangible assets could possibly be resolved.

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. Given that the granting of the court order on the Application is subject to the procedural time of the Macau Court, the Company is unable to estimate the time frame as to when the Company could get direct access to the financial information of Greek Mythology at this moment. The Macau lawyer estimated from past experience that it would normally take nine to twelve months to obtain the court order from the Macau Court and the Company still has not received further update from the Macau lawyer on the status of the Application as at the date of this report. 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.

Looking Afar to Global Markets without Boundaries

Explicitly Grand Investments Limited

On 18 July 2017, Digital Zone Global Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with Gorgeous Smart Global Investment Limited and New Sphere Enterprise Inc. (collectively the "Vendors"), pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 50,000 issued shares of Explicitly Grand Investments Limited ("Explicitly Grand") representing 100% of its issued share capital (the "Sale Shares") at a consideration of HK\$63,500,000 (the "Acquisition").

The consideration has been satisfied by the issuance of an aggregate of 150,000,000 new ordinary shares of the Company to the Vendors in proportion to their respective interest in the Sale Shares and issuance of 24-month zero-coupon promissory notes in aggregate principal amount of HK\$14,000,000 of the Company to the Vendors on 18 October 2017.

Explicitly Grand and its subsidiaries ("Explicitly Grand Group") are specialised in the augmented reality ("AR")/virtual reality ("VR") entertainment developments and apps on mobile devices platforms and also provides 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 PRC. 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 casino and entertainment business, to seize the opportunity to expand the Group's entertainment business in the AR/VR apps and entertainment platforms. In addition, the Acquisition enables the Company to expand its business to the simulation casino gambling with AR/VR technology. The Company will be able to obtain synergy and leverage on its expertise in the gaming and entertainment-related businesses to diversify the business of the Company to capture the enormous potentials under the mobile age.

As the Acquisition was completed on 18 October 2017, the financial results of Explicitly Grand Group has not yet been consolidated in the financial results during the Period under Review, yet, the Board believes that it will contribute stream of revenue to the Company.

Letter of Intent — Operating rights of a VIP room in Cambodia

On 4 September 2017, the Company has entered into a non-legally binding letter of intent (“LOI”) with the owner of the VIP room (the “Owner”) operating 13 baccarat tables located in a casino in Cambodia (the “Proposed Transaction”). Consideration of the Proposed Transaction shall be determined after arm's length negotiation and set out in a formal operating rights agreement.

Cambodia has been one of the members of Association of Southeast Asian Nations (the “ASEAN”) since 1997 which has been enjoying numerous free trade arrangements among Asian countries including but not limited to China, Korea, Australia, New Zealand, Japan and India. Following the further liberalisation of trade as well as economic, investment and regulatory co-operation between China and ASEAN since November 2015, the Hong Kong Trade Development Council forecasted that bilateral trade will scale up from US\$480 billion in 2014 to US\$1 trillion by 2020.

Given the support of Cambodian government to the local hotel and entertainment industry and the booming of tourism year on year in Cambodia, the Board spots a valuable opportunity to tap into the entertainment businesses there especially Cambodia is still one of the smallest economies within ASEAN and less developed counties in Asia when competitors and other investors are still unaware of this golden gem. The local casino industry in Cambodia has been growing in recent years. In the first nine months of 2015, 75 casinos, with 10 new establishments licensed in the third quarter alone, were responsible for USD29 million in government revenue and USD2 billion in income for casino owners, most of which are foreign investment companies.

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. As the due diligence review has not been completed and the terms of the formal agreement have not been finalized on 30 October 2017, the Company and the Owner entered into a

supplemental letter of intent, pursuant to which the parties had agreed to extend the long stop date of the LOI to 30 November 2017 or such other date as may be agreed by the two parties. The Company will keep the shareholders and potential investors informed of any material development in connection with the Proposed Transaction by way of further announcement(s) as and whether appropriate in compliance with the requirements of the Listing Rules.

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 “PN 1”) 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 “PN 2”). 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.

The Group is committed to making every effort necessary to resolve the dispute regarding long outstanding items brought forward in the financial statements. Once the aforementioned disputes are resolved, the Group will be able to utilize its resources more efficiently on business operations and focus on strengthening its financial position.

OUTLOOK

In this ever-evolving world of technology, developments like mobility and E-sports etc have become commonplace that it is beyond imagination how people can manage their lives without it. The Board understands the potential in these technological trends and has always been attentive to any opportunities that the Company can grab hold of to further develop its gaming business with these trends.

The acquisition of the Mobile Game Apps on 30 March 2017 is a testimony of the Company’s determination to step into the mobile gaming business. The Company believes that it will be able to leverage its expertise in gaming and entertainment business so that not only can it open up new income source to the Company, it also create synergy effect to the existing gaming and entertaining business of the Company.

Apart from exploring new business opportunities, the Company also aims to extend its business footprints beyond Macau. During the Period under Review, the Company had signed the LOI in respect of the exclusive operating rights of the VIP room operating 13 baccarat tables located in the Cambodia. Envision the flourishing of tourism in Cambodia, the Company sees it a strategic location to develop and expands its entertainment business in ASEAN 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 will continue to keep pace with the market trends and developments and pursue new business opportunities while maintaining the gaming business in Vanuatu and the Mobile Game Apps for the sustainable development of the Company and create long term value for its shareholders and the investors.

Appreciation

The Board would like to take this opportunity to thank the management and staff for their contributions and support, and looks forward to sharing the Group's successes with them. It also wishes to express its gratitude to the Group's investors and shareholders for their trust and unwavering support, and will be fully committed to delivering long-term value and optimum returns to both parties.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2017 (2016: Nil).

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

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 with 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 had no significant contingent liabilities as at 30 September 2017.

CORPORATE GOVERNANCE

The Group continues to commit itself to maintaining a high standard of corporate governance with emphases on enhancing transparency and accountability and assuring of good application of practices and procedures within the Group and enhancing performance thereby, augmenting shareholders' value and benefiting our stakeholders at large.

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 Period under Review 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 the chief executive officer (the "CEO") of the Company. The Board believes that the roles of the 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 of the Company, being all existing independent nonexecutive directors ("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 the 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 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.

REVIEW OF RESULTS

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2017 and the accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period under Review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 set out in the Model Code and its code of conduct regarding securities transactions throughout the Period Under Review.

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

Hong Kong, 29 November 2017

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.