

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2016**

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 2016 (the “Period under Review”), together with the unaudited comparative figures for the corresponding period in 2015.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
	Note	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
<b>Revenue</b>	5	<b>4,109</b>	3,988
Cost of sales		<u>(3,001)</u>	<u>(1,060)</u>
<b>Gross profit</b>		<b>1,108</b>	2,928
Other revenue	6	<b>5,535</b>	1
Selling and distribution expenses		<b>(1,065)</b>	(410)
General and administrative expenses		<u>(23,626)</u>	<u>(14,071)</u>
<b>Loss from operations</b>	7	<b>(18,048)</b>	(11,552)
Finance costs	8	<b>(239)</b>	(6,136)
Share of profit of an associate	12	<u>—</u>	<u>—</u>
<b>Loss before taxation</b>		<b>(18,287)</b>	(17,688)
Income tax	9	<u>—</u>	<u>—</u>
<b>Loss for the period</b>		<u><b>(18,287)</b></u>	<u>(17,688)</u>
<b>Attributable to:</b>			
Owners of the Company		<b>(15,193)</b>	(16,694)
Non-controlling interests		<u>(3,094)</u>	<u>(994)</u>
<b>Loss for the period</b>		<u><b>(18,287)</b></u>	<u>(17,688)</u>
<b>Loss per share</b>		<i>HK Cents</i>	<i>HK Cents</i> (Restated)
— basic and diluted	11	<u><b>(3.18)</b></u>	<u>(4.80)</u>

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

*For the six months ended 30 September 2016*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Loss for the period</b>	<b>(18,287)</b>	(17,688)
<b>Other comprehensive income/(expense) for the period</b>		
<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 nil tax	2	6
Exchange reserve realised on disposal of subsidiaries	<u>(189)</u>	<u>—</u>
<b>Total comprehensive expense for the period</b>	<b><u>(18,474)</u></b>	<b><u>(17,682)</u></b>
Total comprehensive expense attributable to:		
Owners of the Company	(15,381)	(16,692)
Non-controlling interests	<u>(3,093)</u>	<u>(990)</u>
	<b><u>(18,474)</u></b>	<b><u>(17,682)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	<i>Note</i>	30 September 2016 <i>HK\$'000</i> (Unaudited)	31 March 2016 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		16,507	8,328
Intangible assets		160,647	161,670
Interest in an associate	12	1,191,209	1,191,209
Deposits paid for acquisition of computer hardware/software		—	10,920
		1,368,363	1,372,127
<b>Current assets</b>			
Trade and other receivables	13	90,145	96,306
Cash and cash equivalents		1,076	2,473
		91,221	98,779
<b>Current liabilities</b>			
Trade and other payables	14	202,097	217,507
Obligations under a finance lease		385	380
Other borrowings		—	4,260
Promissory notes		—	39,998
		202,482	262,145
<b>Net current liabilities</b>		<b>(111,261)</b>	<b>(163,366)</b>
<b>Total assets less current liabilities</b>		<b>1,257,102</b>	<b>1,208,761</b>
<b>Non-current liabilities</b>			
Obligations under a finance lease		634	829
		634	829
<b>NET ASSETS</b>		<b>1,256,468</b>	<b>1,207,932</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		102,640	65,587
Reserves		1,101,100	1,085,440
<b>Total equity attributable to owners of the Company</b>		<b>1,203,740</b>	<b>1,151,027</b>
<b>Non-controlling interests</b>		<b>52,728</b>	<b>56,905</b>
<b>TOTAL EQUITY</b>		<b>1,256,468</b>	<b>1,207,932</b>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 September 2016*

## 1. GENERAL INFORMATION

Amax International Holdings Limited (the “Company”) was incorporated and domiciled in Bermuda as an exempted company 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 2016.

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 2016. The Group incurred a consolidated net loss from operations attributable to owners of the Company of approximately HK\$15,193,000 for the six months ended 30 September 2016, and had consolidated net current liabilities of approximately HK\$111,261,000 as at 30 September 2016.

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 interim financial statements for the six months ended 30 September 2016 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the 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 2016.

**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 2016, 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 2012–2014 cycle
- Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

The adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements.

#### 4. SEGMENT INFORMATION

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

##### (a) Major customer

Revenue of HK\$2,400,000 (2015: HK\$2,400,000) was receivable from Greek Mythology (as defined below) for the six months ended 30 September 2016.

##### (b) Geographical information

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Macau	2,400	2,400
People's Republic of China ("PRC") (excluding Macau and Hong Kong)	1	1,588
Republic of Vanuatu ("Vanuatu")	1,708	—
	<u>4,109</u>	<u>3,988</u>

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

	<b>30 September</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Macau	1,198,368	1,199,391
PRC	—	496
Hong Kong	1,886	2,235
Vanuatu	168,109	170,005
	<u>1,368,363</u>	<u>1,372,127</u>

## 5. REVENUE

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

	Six months ended	
	30 September	
	2016	2015
	<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	1,708	—
Commission income on provision of services to Guangxi Welfare Lottery Issue Centre	1	1,588
	<u>4,109</u>	<u>3,988</u>

## 6. OTHER REVENUE

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

	Six months ended	
	30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Other revenue</b>		
Interest income from banks	<u>2</u>	<u>1</u>
Gain on disposal of subsidiaries	<u>5,533</u>	<u>—</u>
	<u>5,535</u>	<u>1</u>



## 7. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging:

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
<b>a) Staff costs (including directors' emoluments)</b>		
Salaries, allowances and other benefits	4,625	4,807
Contributions to defined contribution retirement plans	81	125
Equity-settled share based payment expenses	697	—
	<u>5,403</u>	<u>4,932</u>
<b>b) Other items</b>		
Depreciation of property, plant and equipment	2,262	643
Amortisation of intangible assets	1,023	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	2,462	2,320
	<u>2,462</u>	<u>2,320</u>

## 8. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on promissory notes	2	6,114
Finance charges on obligations under a finance lease	17	22
Interest on other borrowings	220	—
	<u>239</u>	<u>6,136</u>
Total interest expenses on financial liabilities not at fair value through profit or loss		

## 9. INCOME TAX

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

No provision for Hong Kong Profits Tax, Macau Complementary Income Tax, the People’s Republic of China Enterprise Income Tax and the Republic of Vanuatu Interactive Gaming Tax has been made as the companies in the Group have no assessable profits for the six months ended 30 September 2016 and 2015 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 2016 (2015: Nil).

## 11. LOSS PER SHARE

### (a) Basic loss per share

The calculation of the loss per share is based on the unaudited loss attributable to owners of the Company of approximately HK\$15,193,000 (2014: HK\$16,694,000) and the weighted average number of ordinary shares in issue during the Period under Review, calculated as follows:

	Six months ended	
	30 September	
	2016	2015
	'000	'000
	(Unaudited)	(Unaudited)
		(Restated)
Issued ordinary shares at 1 April	347,830	344,772
Effect of share issue under placing	—	2,035
Effect of share issue under exercise of share options	—	844
Effect of share issue under open offer	122,751	—
Effect of share issue under consideration shares	7,682	—
	<u>478,263</u>	<u>347,651</u>
Weighted average number of ordinary shares at 30 September	<u>478,263</u>	<u>347,651</u>

The weighted average number of ordinary shares of basic loss per share for the six months ended 30 September 2016 and 2015 have been adjusted for the placing and open offer of new shares, issue of consideration shares and/or exercise of share options.

### (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 2016 and 2015 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss per share amounts presented.

## 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 2012 was carried forward to 30 September 2016.

## 13. TRADE AND OTHER RECEIVABLES

	<b>30 September 2016 HK\$'000 (Unaudited)</b>	31 March 2016 HK\$'000 (Audited)
Other receivables	30,237	31,174
Less: impairments	<u>(25,300)</u>	<u>(25,300)</u>
	<u>4,937</u>	<u>5,874</u>
Due from an associate	<u>82,467</u>	<u>84,765</u>
Loans and receivables	87,404	90,639
Rental and other deposits	2,360	2,828
Prepayments	<u>381</u>	<u>2,839</u>
	<u><b>90,145</b></u>	<u><b>96,306</b></u>

## 14. TRADE AND OTHER PAYABLES

	<b>30 September 2016 HK\$'000 (Unaudited)</b>	31 March 2016 HK\$'000 (Audited)
Trade payables	–	881
Accruals and other payables	<i>a</i> 202,097	216,470
Due to related companies	<u>–</u>	<u>156</u>
	<u><b>202,097</b></u>	<u><b>217,507</b></u>

- (a) Included in Group’s accruals and other payables as at 30 September 2016, represents the payables of promissory notes of HK\$190,000,000.

## 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 out in the Company’s announcements dated 21 March 2016 and 15 September 2016.

## 16. COMPARATIVES

Certain comparative figures have been reclassified to conform with current period’s presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The board (the “Board”) of directors (the “Directors”) of Amax International Holdings Limited (the “Company”; stock code: 959) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2016 (the “Period under Review”). The unaudited 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, it stayed on course in consolidating business resources and transforming its business model, with an aim to create sustainable value for shareholders.

The Group recorded revenue of approximately HK\$4.11 million for the Period under Review, as compared to approximately HK\$3.99 million in the last corresponding period. The decrease in the commission income from the provision of lottery-related services to Guangxi Welfare Lottery Issue Centre after the disposal of Le Rainbow Worldwide Limited and its subsidiaries during the Period under Review was largely offset by the revenue derived from the commencement of the operation of the gaming business in the Republic of Vanuatu (“Vanuatu”). Net loss for the Period under Review was approximately HK\$18.29 million as compared to a net loss of approximately HK\$17.69 million for the corresponding period last year.

### **Open Offer**

On 16 May 2016, the Group completed an Open Offer, and thanks to the support from shareholders, 75% of the offer shares were subscribed. The management is making the best use of the net proceeds to invest in the Vanuatu operation and for general working capital. The Group remains committed to achieving sustainable profitability and growth, and to provide fair returns to shareholders.

### **Placing and Top-up Subscription**

On 21 November 2016, the Group completed the placement of 13.6 million new subscription shares on a top-up basis, representing 2.58% of its enlarged share capital. The placing and the top-up subscription were conducted at HK\$0.53 per share. The gross proceeds from the subscription was approximately HK\$7.21 million and the net proceeds from the subscription, which is intended to be used as general working capital and for investment by the Group, amounted to approximately HK\$7.13 million.

As at 30 September 2016, the Group had cash and cash equivalents totaling HK\$1.1 million. The gearing ratio was approximately 16%.

## **BUSINESS REVIEW**

The Group has continued to consolidate business resources, which has allowed it to restore internal stability and direct focus on exploring other potential profitable business ventures. Upon disposal of the loss-incurring business, namely Le Rainbow Worldwide Limited, which provided lottery-related services to Guangxi Welfare Lottery Issue Centre, and with the gaming business in Vanuatu commencing operation, the Group's business scope presently includes running the VIP gaming tables related operation and slot machines related operation, plus the gaming business in Vanuatu.

### **Business Operation of Forenzia Enterprises Limited**

With the gaming sector in Macau slowing down, which is in contrast with a booming global gaming market in recent years, the Group has been exploring ways to diversify its core business geographically and establishing gaming operations outside Macau.

To make sure it can derive the greatest benefit from the anticipated significant growth of the global gaming market, the Group has acquired 60% equity interest in Forenzia Enterprises Limited, 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. Between then and September 2016, the business recorded gross revenue of HK\$1.71 million. With the number of visitors to Vanuatu on the rise and in view of its supportive demographics, the Board is confident in the long-term success of the gaming business, which will contribute significantly and positively to the performance of the Group. At the same time, while working hard to formulate a strategy to develop the Vanuatu gaming business, the Group has also been exploring opportunities to expand its revenue sources by tapping the Asia-Pacific region.

### **Greek Mythology**

The Group holds 24.8% equity interests in Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology"), which principally provides casino management services for Beijing Imperial Palace Hotel (formerly known as New Century Hotel) (the "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 for the repayment of the outstanding amount due from Greek Mythology.

On 22 July 2016, Beijing Imperial Palace Hotel was asked to suspend operations by the Macau Government Tourism Office ("MGTO") and other concerned departments. A special working committee was formed by the Company and the Hotel to work closely with MGTO and the concerned departments to address and resolve related issues. Based on the preliminary assessment by the Board, the temporarily closure of the Hotel will not have any material impact on the financial position of the Company.

The Company will continue to heed legal advice and consider taking all steps appropriate to resolve the Greek Mythology dispute. It will also closely monitor developments pertaining to this matter and inform shareholders of any significant progress.

### **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**

Drawing from its extensive experience in the gaming and entertainment industry, the Group will continue to take its gaming and entertainment investments beyond Macau. Going forward, a major focus of the Group will be on the gaming business in Vanuatu, given the nation's easy accessibility from major Asian cities, as well as government support for the development of the gaming sector. The Group anticipates continuous robust revenue contribution from and earnings growth for the business operation in Vanuatu in the coming years.

The Group will also continue to pursue new business opportunities with the aim of diversifying its revenue streams, and thereby create long-term value for its investors and shareholders.

### **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 2016 (2015: Nil).

## **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 fund-raising activities.

As at 30 September 2016, the Group had total assets and net assets of approximately HK\$1,460 million (31 March 2016: approximately HK\$1,471 million) and approximately HK\$1,256 million (31 March 2016: approximately HK\$1,208 million) respectively, comprising non-current assets of approximately HK\$1,368 million (31 March 2016: approximately HK\$1,372 million) and current assets of approximately HK\$91 million (31 March 2016: approximately HK\$99 million) which were financed by shareholders' funds of approximately HK\$1,256 million (31 March 2016: approximately HK\$1,208 million), non-controlling interests of approximately HK\$53 million (31 March 2016: approximately HK\$57 million), current liabilities of approximately HK\$202 million (31 March 2016: approximately HK\$262 million) and non-current liabilities of approximately HK\$1 million (31 March 2016: approximately HK\$1 million).



The Group's current ratio, expressed as current assets over current liabilities, was 0.45 times (31 March 2016: 0.38 times). The Group's gearing ratio, calculated as a ratio of debt (including promissory note) to shareholders' equity, was approximately 16% (31 March 2016: approximately 22%).

## **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 2016.

## **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 non-executive 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 9 August 2016. 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 9 August 2016.

## **REVIEW OF RESULTS**

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016 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**

There was no purchase, sale or redemption by the Company nor any of its subsidiaries 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, 28 November 2016

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