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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 SUPPLEMENTAL INFORMATION ON THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2016**

Reference is made to the announcements of Amax International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 May 2014, 13 October 2014, 14 November 2014 and 27 February 2015 (the “**Announcements**”) respectively in connection with the litigation in respect of the Associate and the annual report of the Company for the year ended 31 March 2016 (the “**2016 Annual Report**”). Unless otherwise defined, capitalised terms used herein shall have the respective meanings ascribed to them in the Announcements and the 2016 Annual Report.

In the 2016 Annual Report, the Company’s auditors issued a disclaimer of opinion on the Company’s consolidated financial statements for the year ended 31 March 2016 on (i) opening balances and corresponding figures; (ii) scope limitation – interest in Greek Mythology and share of results of Greek Mythology; and (iii) scope limitation – recoverability of amount due from Greek Mythology (the “**Indebted Amount**”) and valuation of intangible assets (the “**Disclaimer of Opinion**”). In addition, the Company’s auditors also expressed emphasis of matters on the ability of the Group to continue as a going concern having considered that the Group’s recorded net current liabilities of approximately HK\$163.37 million as at 31 March 2016.

The Board would like to provide the following supplemental information:

### **Management Accounts of Greek Mythology**

Further to the Announcements in relation to the update on the litigation to request annual accounts from Greek Mythology for the years ended 31 March 2013 and 31 March 2014 respectively (the “**2013 & 2014 Management Accounts**”), on 27 April 2015, the Company instructed a legal representative in Macau to issue a letter to Greek Mythology requesting them to provide the Company with (i) information and documentation related to the annual accounts for the years ended 31 March 2013 and 31 March 2014 and the convening of the general meeting to approve the 2013 & 2014 Management Accounts; and (ii) the annual accounts for the year ended 31 March 2015 together with all relevant reports, information and documentation, on or before 20 May 2015 and no later than 1 month before the general meeting to be held. However, Greek Mythology did not respond to the letter notwithstanding that several reminders had been issued by the Company between May 2015 and January 2016.

On 10 May 2016, the Company issued a letter to Greek Mythology requesting them to provide the Company with (i) information and documentation related to 2013 & 2014 Management Accounts and the convening of the general meeting to approve the 2013 & 2014 Management Accounts; and (ii) the annual accounts for the years ended 31 March 2015 and 31 March 2016 (“**2015 & 2016 Management Accounts**”) with relevant supporting information on or before 27 May 2016. However, the letter sent by registered post was returned to the Company. As at the date of this announcement, the Company was yet to obtain 2015 & 2016 Management Accounts from Greek Mythology. The Company has been advised by its Macau lawyer to take further legal actions against Greek Mythology and its management. However, from past experience, obtaining a court order and the management accounts from Greek Mythology will take at least nine months, and it is unable to estimate the time required on verification and approval of those management accounts as this could not be done without co-operation from Greek Mythology.

In view of the above and after discussion with the Company’s auditors, the Board is of the view that it is unable to estimate the time required to obtain all outstanding management accounts and relevant supporting information and for the Company’s auditors to decide on the audit procedures and gather audit evidences to address the Disclaimer of Opinion. The Board will continue to seek advice from professionals to decide on the next possible steps to be taken to obtain the management accounts from Greek Mythology and to address the Disclaimer of Opinion.

## **Amount due from Greek Mythology**

Regarding the Indebted Amount, the Board has been taking possible steps to recover the Indebted Amount from Greek Mythology including (i) issued a demand letter to Greek Mythology on 20 November 2015 requesting for the repayment of the outstanding amount due from Greek Mythology; (ii) instructed the Company's legal representative in Macau to contact Greek Mythology's lawyer to discuss and find ways to resolve the issues; and (iii) requested for updated financial information from Greek Mythology with an aim to assess its financial availability. However, no response has been obtained from Greek Mythology and no concrete solution has been agreed between both parties.

Although the Company could not access the latest financial information of Greek Mythology and is unable to verify financial resources held by Greek Mythology, the Company has been observing the business operation of Greek Mythology until it was suspended for renovation. The Board is of the view that no irregularity on the business operation of Greek Mythology has been found during this period. Based on the above and having considered that the Group has the contractual rights to receive the monthly fees from Greek Mythology and Greek Mythology has the contractual obligation to pay the monthly fees to the Group in accordance with the terms and conditions of the slot machine rights agreement and the gaming table rights agreement executed between the Group and Greek Mythology on 15 February 2011 (the "**Agreements**"), impairment has not been made against the amounts as at 31 March 2015 and 31 March 2016.

The Board will try to liaise with Greek Mythology to materialise the repayment schedule of the Indebted Amount and may consider initiate legal action against Greek Mythology.

The Directors of the Company have always been exercising due care and attention towards the Company's affairs and are also aware of the situation of Greek Mythology. The Directors have been trying their best endeavor to deal with the problem arising from Greek Mythology since 2014 including (i) sought legal advice from lawyer and initiated legal proceedings against Greek Mythology to obtain the financial information of Greek Mythology; (ii) liaised with the management of Greek Mythology with an aim to resolve the issues; (iii) issued a demand letter for the repayment of outstanding balance; and (iv) published relevant announcements as and when appropriate to update Shareholders and potential investors on the latest development of the Company.

## **Emphasis of matters – Going Concern**

Regarding the emphasis of matters expressed by the Company’s auditors, according to the audited consolidated statement of financial position of the Group as at 31 March 2016, the total liabilities of the Group were HK\$262,974,000, which were mainly represented by a promissory note in the amount of HK\$150,000,000 (the “**Promissory Note**”). This promissory note is currently under legal dispute between the Company and Ms. Lee Bing (“**Ms. Lee**”), who purported to be the holder of the Promissory Note (Details please refer to the announcement of the Company dated 21 March 2016).

According to the verbal legal advice from the Company’s lawyer, the Company shall not be obliged to settle the Promissory Note until final determination of the legal proceedings against Ms. Lee which will take more than a year to be set down for trial.

On the other hand, the Company had obtained an unsecured loan facility granted by an independent institution in the amount of up to HK\$250,000,000, for a term of 24 months upon drawdown and bear an interest of 10% per annum.

Having considered (i) the grant of loan facility of HK\$250,000,000 from an independent institution; (ii) the Group’s internal financial resources of approximately HK\$5,100,000 as of the date of this announcement; (iii) the commencement and future prospect of the Company’s gaming business in Vanuatu (Details please refer to the announcement of the Company dated 22 July 2016); and (iv) the legal proceedings initiated by the Company against Ms. Lee in connection with the Promissory Note, the Board is of the view that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 2016 on a going concern basis.

The Board has been putting significant effort in fine-tuning the Company’s business model since March 2014 by divesting loss-making business and consolidating its business resources to explore its principal business overseas in order to mitigate the Company’s over-dependence on doing business in Macau and the PRC and to mitigate the impact associated with Greek Mythology. The Company had in June 2016 disposed of the loss-making lottery business in Guangxi (Details were disclosed in the announcements of the Company dated 27 May 2016 and 22 June 2016) and had also successfully commenced the gaming business in Vanuatu in July 2016.

The Board has also been trying every possible step to remove the prolonged Disclaimer of Opinion, which was, however, a result of some historical events which require significant resources and effort to resolve. The Board will continue to seek professional advice on the implementation of the court orders and to discuss with the Company's auditors on the latest development on Greek Mythology to facilitate the Company's auditors to determine appropriate audit procedures to be taken such that the Disclaimer of Opinion can be removed in future. The Company will update the public by means of announcement on the progress in connection with Greek Mythology as and when appropriate.

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

Hong Kong, 10 August 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.*