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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)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

Reference is made to the annual report of Amax International Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) for the year ended 31 March 2017 (the “**2017 Annual Report**”) published by the Company on 27 July 2017. Unless defined otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the 2017 Annual Report.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide certain additional information in relation to the 2017 Annual Report, inter alia, (i) further information on the disclaimer of opinion issued by the Company’s auditors; and (ii) reasons and basis for the recognition of impairment losses on interest in Greek Mythology, intangible assets and amount due from Greek Mythology.

#### **FURTHER INFORMATION ON DISCLAIMER OF OPINION ISSUED BY THE COMPANY’S AUDITORS**

The disclaimer of opinion (the “**Disclaimer of Opinion**”) issued by the Company’s auditors was related to, among other things, (i) interest in Greek Mythology and share of results of Greek Mythology; (ii) recoverability of amount due from Greek Mythology; and (iii) valuation of intangible assets relating to the rights granted to Greek Mythology to operate and manage certain gaming tables and slot machines.

To address the Disclaimer of Opinion, the Company has consulted and the Company's auditors were of the view that if sufficient accounting documents of Greek Mythology were revealed for audit purposes, the Disclaimer of Opinion could possibly be resolved. Referring to the announcement of the Company dated 26 June 2017, the Company has submitted an application (the "**Application**") to the Macau Court for a court order to appoint Mr. Ng Man Sun, the Chairman and Chief Executive Officer of the Company, as the administrator (the "**Administrator**") of Greek Mythology in order to get access to and control over books and records of Greek Mythology.

In the event that the court order is granted and upon successful appointment of the Administrator, the Company shall perform the following steps to reveal the documents of Greek Mythology:

- liaise with principal bank(s) of Greek Mythology to retrieve all bank statements, copies of cheque(s) issued and banking instructions and applications made by Greek Mythology;
- liaise with relevant government authorities to retrieve all documents filed by the then management of Greek Mythology;
- ascertain whether the outstanding financial information are available and complete and if necessary, rebuild all accounting schedules and financial statements of Greek Mythology; and
- discuss and agree with the Company's auditors on the scope, procedures and timeline for the audit on Greek Mythology.

As at the date of this announcement, the result of the Application is still pending. As such, the Company is unable to estimate the time frame as to when the Company could get direct access to the books and records of Greek Mythology and carry out the above-mentioned proposed steps. Having sought advice from the Macau lawyer, it is estimated that it would normally take nine to twelve months to obtain result from the Macau Court on the Application. In view of the above, the Company is of the view that when the Disclaimer of Opinion could be removed is uncertain but in any circumstances will not be less than one year.

The Company remains positive on future prospect of Macau gambling industry and considers that the gambling license possessed by Greek Mythology is a valuable asset to the Company. The Company considered that appointing the Administrator to access all books and records of Greek Mythology is an appropriate strategy to possibly remove the Disclaimer of Opinion and is in the interest of the Company and the Shareholders as a whole. Other contingent plan to be taken in removing the Disclaimer of Opinion would only be considered upon receiving negative result on the Application from the Macau Court. In the event that the Macau Court rejected the Application, the Company may consider the next steps such as, subject to the reasoning behind the judgment, filing an appeal application or taking possible legal actions as being a debtor of Greek Mythology. If all other possible alternative actions exhaust, the Company will consider proposing a voluntary winding-up or otherwise disposing of its interest in Greek Mythology as a final step to remove the Disclaimer of Opinion.

### **REASONS AND BASIS FOR THE RECOGNITION OF IMPAIRMENT LOSSES ON INTEREST IN GREEK MYTHOLOGY, INTANGIBLE ASSETS AND AMOUNT DUE FROM GREEK MYTHOLOGY**

Impairment losses of total HK\$943.1 million were recognised for the year ended 31 March 2017 due to following reasons:

#### **Impairment loss on interest in Greek Mythology**

Greek Mythology has been closed down for renovation for more than one year since late December 2015. The Company has been trying but failed to contact the management of Greek Mythology to understand the current situation of Greek Mythology which led to uncertainty on the development of Greek Mythology.

Reference is also made to the announcements of the Company dated 24 July 2016 and 13 January 2017 in relation to the temporarily close down of Beijing Imperial Palace Hotel (formerly known as New Century Hotel) (the “**Hotel**”), where Greek Mythology is situated beside the Hotel, by the Macau Government Tourism Office (“**MGTO**”) and other concerned departments on 22 July 2016 and subsequently, the return of the hotel license by the Hotel management to MGTO on 12 January 2017. The closing down of the Hotel will, to a certain extent, affect the business prospect of Greek Mythology although the operation of the Hotel and Greek Mythology are independent.

Based on the above-mentioned changes in circumstances throughout the year ended 31 March 2017, the Board considers the recognition of impairment losses on interest in Greek Mythology (approximately HK\$837.6 million) is appropriate to reflect the current situation of Greek Mythology.

The Company has engaged an independent professional valuer (the “**Independent Valuer**”) to prepare a valuation on Greek Mythology adopting income approach. Due to the lack of financial information and current status of Greek Mythology, the management could not provide sufficient information of Greek Mythology for the Independent Valuer to perform valuation. Having considered that (i) the gaming license for operating the gaming and entertainment business of Greek Mythology (the “**Gaming License**”) was indeed the core value of Greek Mythology; and (ii) a gaming license in the nature of that of the Gaming License should carries certain business value, instead of just simply fully written off the fair value of the Gaming License which the Directors considered misleading, the management considered reasonable to perform valuation on a gaming license in the nature of that of Greek Mythology based on relevant market data and by assuming that the operation rights under the Gaming License had been granted to other operator to operate the casino. The Company is of the view that it is the best possible method to determine the fair value of the Gaming License insofar.

As advised by the Independent Valuer, market approach was not considered as there was lack of financial information and full details of Greek Mythology as well as sales of similar asset, while the asset-based approach was not considered to be an appropriate approach for valuing income-generating assets as it does not capture expected returns of the asset.

#### **Impairment loss on Vanuatu gaming license**

The impairment loss on intangible assets of HK\$41.9 million is mainly represented by the recognition of impairment loss on Vanuatu gaming license of HK\$39.6 million. The Company has engaged the Independent Valuer to prepare valuation on Vanuatu gaming license adopting income approach. The Company understood that the Independent Valuer has considered but did not adopt other valuation methods such as market approach and asset-based approach.

As advised by the Independent Valuer, there was lack of comparable transactions in the market having taken into account the business nature of Forenzia Enterprises Limited, inter alia, gaming business in Vanuatu, and therefore market approach is not adopted. On the other hand, the value of the Company’s gaming business in Vanuatu is not heavily asset-based and its operation has been generating revenue, hence asset-based valuation approach is not appropriate as such method could not take into account the operations, performance and financial information of Forenzia Enterprises Limited.

The major difference between the basis and/or assumptions and valuation inputs applied in the valuations of the Company's Vanuatu gaming license for the year ended 31 March 2017 when compared with valuation for the year ended 31 March 2016 was the adjusted expectation by the management towards the Vanuatu gaming business with reference to the actual performance of the Vanuatu gaming business for the year ended 31 March 2017 when compared with the forecasted performance and the continuous volatile gaming industry. The Company has adopted a more conservative strategy to reflect the changing market conditions. Save as disclosed above, the valuation methodology and other inputs adopted in the valuation of the Vanuatu gaming license for the year ended 31 March 2017 have no significant changes compared with prior year.

### **Impairment loss on amount due from Greek Mythology**

#### ***(i) Monthly fees receivable of HK\$21.3 million***

The Board considered not to provide impairment on the amount due from Greek Mythology of HK\$21.3 million in relation to monthly fees receivable based on the followings:

- the terms and conditions regarding the monthly fees under the slot machines and gaming table rights agreements are still legally valid and that the Company has contractual rights to receive monthly fees under those agreements irrespective of the situation that Greek Mythology has been closed down for renovation; and
- all supporting documents relating to monthly fees were properly safe-guarded, subject to the progress of the application to the Macau Court on the appointment of the Administrator of Greek Mythology, the Company would have sufficient evidence to initiate legal proceedings against Greek Mythology to recover such amount.

#### ***(ii) Advance made to Greek Mythology of HK\$63.6 million***

The advance was made to Greek Mythology by the Company in or about 2007 (the "**Advance**"). The Board considered to provide full impairment on the amount due from Greek Mythology of HK\$63.6 million in relation to the Advance as (a) most of the supporting documents in relation to the Advance had been lost (the "**Lost Documents**") by the former board of the Company; and (b) having considered that (i) there was uncertainty as to the results of the application to the Macau Court relating to the appointment of the Administrator of Greek Mythology; and (ii) uncertainties arise as to the recoverability of the Advance given the lost of supporting documents.

The Company had (i) enquired former board members of the Company; and (ii) sent confirmation to Greek Mythology for the Lost Documents but without positive results. In view of the above, the Board considered full impairment on the advance to Greek Mythology was appropriate in this regard.

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

Hong Kong, 4 September 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.*