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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 RESPECT OF THE OPERATING RIGHTS OF A VIP ROOM

Reference is made to the announcements of Amax International Holdings Limited dated 4 September 2017, 30 October 2017 and 30 November 2017 in relation to the leasing of operating rights of the Target VIP Room located in the Casino in Cambodia by VMG (the “**Announcements**”). Terms defined in the Announcements shall have the same meanings when used herein, unless the context requires otherwise.

The Company would like to provide following supplementary information in relation to the Announcements:

FURTHER INFORMATION ON THE LICENSOR

The Licensor, Crown Resorts Co., Ltd., is a limited liability company incorporated in Cambodia, the owner of whom is (i) Cambodia People’s Party senator, advisor to Prime Minister Hun Sen, member of the Cambodian Chamber of Commerce and on the board of the Cambodian Red Cross; and (ii) a merchant engaged in cigarette and tobacco as well as casino and hotel businesses in Cambodia. The Licensor is principally engaged in the management and operation of casinos and hotels in Cambodia and has been granted license to operate casinos in Cambodia since 1999.

The Licensor commenced its casino and hotel operation in Cambodia since April 1999 with its first resort, namely Golden Crown Casino & Hotel, situated at the Cambodia-Thai border in Poipet. The Golden Crown Casino & Hotel is a hotel and entertainment complex comprises four main adjoining buildings namely Golden Crown Casino, Princess Crown Casino, Genting Crown Casino and Dreamworld Casino. Subsequent to the grand opening of Golden Crown Casino & Hotel, the Licensor continues to expand its business operation geographically in other provinces in Cambodia. Currently, apart from Golden Crown Casino & Hotel, the Licensor is also operating three other casinos and hotels in Bavet, Chrey Thum and Pailin respectively.

The Licensor was introduced to the Company by the Operator in July 2017 via a site visit to the Casino. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Target VIP Room was licensed out by the Licensor before April 2016. Upon enquiry, the Company was given to understand that the Operator has no knowledge of the identity of licensees prior to the Operator.

Save for the business co-operation relationship pursuant to the License Agreement, the Company does not have any prior or other existing business relationship with the Licensor.

RELATIONSHIP BETWEEN THE COMPANY AND THE OPERATOR

The Operator has been a business acquaintance with Mr. Ng Man Sun ("Mr. Ng"), Chairman and executive Director of the Company, in gaming industry in Macau since 2006 and has been familiar with the Company since 2006 via business co-operation with Greek Mythology Casino. The Operator left Greek Mythology Casino in 2011 and commenced his own gaming business in other Asia-Pacific areas, while continued to maintain close relationship with the Company and Mr. Ng. Apart from the Operator's own junkets network, Mr. Ng and the management of the Company has from time to time introduced potential junkets and high net worth players to the Operator to facilitate the development of his gaming business in other Asia-Pacific areas, with an aim to (i) keep alive of relationship among the Company and existing junkets and high roller players on hand; and (ii) facilitate the Operator, as pioneer, to explore ample business development opportunities in Asia-Pacific areas. The Company continues to build up closer relationship with the Operator, in order to stay a chance for the Company to expand the Company's business into other Asia-Pacific regions when opportunity arise in future, given the fact that the Company has been concentrating on the matters arising from the shareholders dispute of Greek Mythology Casino, which to a large extent, negatively affected the business development of the Group.

FURTHER INFORMATION ON BACKGROUND AND REASONS FOR THE ENTERING INTO OF THE LICENSE AGREEMENT

With the proactive implementation of reform and opening up policies towards foreign investment and tax by ASEAN countries since 2014, tourism and entertainment industry of ASEAN countries experienced rapid growth. Business of the Operator has experienced expansion. During a visit from the Operator to the Company, the Company has explained the current business situation of the Group and has negotiated with the Operator on any possible business operations between the Group and the Operator. Given that the Company and Mr. Ng has supported the Operator at the time when the Operator commenced his own business and certain portion of the Operator's existing junkets and high roller players network explored was indeed introduced and facilitated by Mr. Ng and management of the Company, the Operator expressed his willingness to explore any business co-operations with the Company regarding his then solely run Target VIP Room which may lead to win-win position.

Based on business experiences and understanding of the management of the Company, running a VIP room involves (i) complicated screening procedures on credit history of potential high roller players before acceptance; and (ii) provision of attractive credit to high roller players to play in the VIP room, which will definitely lead to exposure to high credit risks. As such, it is not uncommon for casinos to lease VIP room areas to operators/junkets for a return of fixed rental income or net winning sharing in order to stay away from the costly and time consuming credit screening procedures and to mitigate credit risks by shifting such risks to operators. In addition, casinos can save operating and administration costs by leasing VIP room areas to operators than running the VIP room areas by themselves. The Operator presented the plan to the Casino that the Company and the Operator would jointly run the Target VIP Room and explained that by introducing a Hong Kong listed company with gaming business background, the Operator would be able to better promote the Target VIP Room and attract more high roller players to play in the Target VIP Room which would be beneficial to the hotel business and catering business of the Casino. After several negotiations with the Operator, the Casino agreed to lease the Target VIP Room to the Company.

The Company noted that in running the Target VIP Room solely by the Operator, the Operator is entitled to entire net winning from high roller players bring in by him and is entitled to share certain percentage of net winning from high roller players bring in by junkets, and bear all operating costs (including Target VIP Room leasing fees, staff costs, rolling commission payable to junkets and other administrative expenses) in running the Target VIP Room. The co-operation between the Group and the Operator was based on following business considerations:

- with the delighted co-operation history and trustworthy business relationship among Mr. Ng, the Company and the Operator, both parties were willing to continue its business co-operation to explore business opportunities in Cambodia;

- part of the junkets and high roller players resources successfully obtained by the Operator was attributable to the introduction and recommendation from Mr. Ng;
- by reducing the sharing portion on net winning generated from high roller players played in the Target VIP Room, the Operator could in return mitigate business risk in running the Target VIP Room and diversify his income source, among other matters, (i) receive certain percentage of net win, as commission, from high roller players bring in by the Company on a case by case basis; (ii) release from the burden to bear operating and administrative expenses as well as rolling commission payable in running the Target VIP Room; and (iii) receive a fixed monthly operator fee and rolling commission from rolling generated from high roller players bring in by the Operator; and
- based on past co-operation histories with the Group and the performance of the Company's Vanuatu gaming business and given the fact that gaming business in Cambodia is far more prosperous and attractive than in Vanuatu in terms of geographical location, tourism, peripheral support and public awareness, the Operator is confident that the Company has sufficient resources to make contributions to the business performance of the Target VIP Room.

Based on the above, the Company is of the view that the entering into of the License Agreement is in line with industry practice. The Company and the Operator are of the view that the co-operation to run the Target VIP Room is of mutual interests to both parties.

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

Hong Kong, 15 February 2018

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