



Amax International Holdings Limited
奧瑪仕國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 959



Environmental, Social and Governance Report 2017

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ABOUT US

Amax International Holdings Limited (“Amax” or the “Group”) is principally engaged in investment holdings and investments in niche gaming and entertainment-related businesses.

During the reporting year, the Group has implemented a number of measures to consolidate and restructure its business intending to minimise the operating costs and redirect efforts into business ventures with the highest potential for profit. The Group started its gaming business in the Republic of the Vanuatu (“Vanuatu”) with the approval from the Director of Customs and Inland Revenue of Vanuatu (the “Regulator”), which received on 15 May 2016. The present business scope of the Group includes VIP gaming tables, slot machines as well as the gaming business in Vanuatu.

In view of the increasing popularity of the use of mobile devices and mobile entertainment, the Group has completed the acquisition of 30 mobile game apps in the reporting year. As part of a restructure plan, the Group had disposed of Le Rainbow Worldwide Limited which provided lottery-related services to Guangxi Welfare Lottery Issue Centre.

The Group continues to pursue new business opportunities with an aim to diversifying its revenue streams and creating long-term value for its investors and shareholders.



ABOUT THIS REPORT

This is the first Environmental, Social and Governance (“ESG”) Report issued by the Group. The report discloses the Group’s actions and performance on sustainability issues in a transparent and open manner to stakeholders.

REPORTING YEAR

Information in this report reflects the performance of the Group in environmental stewardship and social responsibility from 1st April 2016 to 31st March 2017. In the future, the Group will publish the Environmental, Social and Governance Report on an annual basis and make it available to the public at any time to enhance transparency and accountability.

REPORTING BOUNDARY

The report focuses on the Group’s operations in the gaming business¹ in Vanuatu, which accounts for 57.9% of the Group’s revenue in the reporting year. The Group will extend the scope of disclosures and will ultimately cover all its operations when the data collection system is better established and when environmental, social and governance work is strengthened. Although this report excludes the disclosure of Key Performance Indicators (“KPIs”) at the moment, the Group plans to conduct a carbon assessment next year to further refine and standardise the indicators for reporting.

REPORTING GUIDELINE

The report is published in accordance with the ESG Reporting Guide (the “ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The report outlines the environmental, social and governance performance of the Group in a concise manner. Information contained herein is sourced from the official documents and statistical data of the Group, and is aggregated from the monitoring, management and operational information provided by its subsidiaries in accordance with the relevant rules of the Group. A complete content index is inserted in the last chapter of the report for reference. The report is available in Chinese and English and both are uploaded onto the Company’s website at www.amaxhldg.com. In case of any conflict or inconsistency between the Chinese version and the English version, the English version shall prevail.

We Value Your Feedback

Our continuous improvement relies on your valuable feedback on both the content and the form of this report. If you have any questions or comments, please contact the Group’s investor relations consultant at (852) 2527 0490 to help with our continued improvement in environmental, social and governance performance.

¹ These businesses are operated by Forenzia Enterprises Limited, Lion King Gaming Limited and Chartreuse Holdings Limited.

MESSAGE FROM THE MANAGEMENT

This ESG Report marks our first step in riding the waves of global corporate sustainability – creating positive environmental, social and economic value for stakeholders in the long term.

Despite facing harsher market conditions and operational difficulties, Amax continues to explore new revenue sources while consolidating our existing business and reinforcing our position in the gaming and entertainment industry, thus maximising long-term value for our stakeholders.

Focusing on gaming businesses, Amax has commissioned a quality operator to provide services that aim at high-end players originating mainly from Hong Kong and Mainland China. As we rely on our operator to a large extent in our business operation in Vanuatu and the maintenance and development of existing and new client relationships, we continue to formulate stricter tenders. We also review and monitor our operator's procedures in the Vanuatu interactive gaming business.

We place heavy emphasis on the compliance of anti-corruption and anti-money-laundering regulations. We make an effort to verify players' identities, keep records of their bets, and report suspicious irregularities to the authorities.

Employees are our invaluable assets and it is our aim to enhance the well-being and development of our employees. Apart from providing competitive remuneration and benefits, we continue to support and nurture our employees through staff development and training, helping them to thrive with the Group.

This ESG Report marks our first step in riding the wave of global corporate sustainability – creating positive environmental, social and economic value for stakeholders in the long term.

Ng Man Sun

Chairman

Amax International Holdings Limited

STAKEHOLDER ENGAGEMENT

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency which should form the basis for preparing Environmental, Social and Governance Reports. The Stock Exchange emphasises that stakeholder engagement should be the key method by which materiality is assessed. Through stakeholder engagement, companies can understand wide ranging views and identify material environmental and social issues.

The Group’s business activities involve a diverse range of stakeholders. Stakeholders refer to groups and individuals materially influencing or affected by the Group’s business operations. The table below presents key stakeholders of the Group and explains the engagement channels through which the Group communicated with them during the year.

Methods of Stakeholder Engagement in the Reporting Period

Internal Stakeholders	External Stakeholders
<ul style="list-style-type: none"> • Board of Directors • Management team • Staff 	<ul style="list-style-type: none"> • Shareholders • Operators • Regulators • Bankers • Auditors • Suppliers • Consultants
<p>Engagement methods: Board and committee meetings, Annual general meeting, Face-to-face meetings, Phone, Fax, Email</p>	

While preparing this report, the Group commissioned an independent consultant to conduct the materiality analysis in the form of a management interview. With expert advice, the Group has identified the material aspects for this report, and these will in turn guide the formulation of the Group’s sustainability roadmap.

The business operations of the Group affect different stakeholders, while these stakeholders may have different expectations of the Group. To enhance the materiality analysis, the Group will continue to expand stakeholder engagement to collect a diverse range of stakeholders’ views through various channels. At the same time, the Group will consider advancing the reporting principles of Quantitative, Balance and Consistency, in order to present the report in a way that continues to improve alignment with stakeholder expectations.

PROTECTING THE ENVIRONMENT

Amax is committed to leading the industry in minimising the impact of business operations on the environment. Guided by its Environmental Policy, the Group aims to reduce greenhouse gas emissions, minimise waste generation and conserve resources. It is also the Group's objective to raise public awareness in environmental sustainability.

The Group recognises that effective governance in environmental management can positively impact on corporate profitability, and helps sustain and enhance the Company's presence and reputation in local and international markets. The Board of Directors is fully informed about pertinent environmental issues. To ensure that the Environmental Policy is implemented effectively, the Group will consider establishing an environmental committee in the near future.

EMISSIONS

Climate change poses unprecedented challenges to global economic development. Extreme weather brought about by climate change directly or indirectly affects the ability of different institutions to access resources and sustain operations.

It is the Group's commitment to reduce greenhouse gas emissions through identifying the sources and implementing reduction measures such as source elimination, energy efficiency improvement, minimising fuel consumption for transportation and other uses, and increasing the use of clean fuels. Looking forward, the Group has included annual carbon footprint assessment in its agenda, which will provide the foundation for developing carbon reduction targets.

Apart from greenhouse gas emissions, the Group has also implemented various initiatives concerning the generation of waste. As part of its efforts to help reduce waste generation, obsolete items still in good working order should be given to charity or sold to maximise their use. All waste is handled and disposed of through safe and responsible methods.

USE OF RESOURCES

The Group recognises the importance of using resources efficiently and responsibly. The Group has implemented energy saving measures such as retrofitting lighting with energy-saving LED lightbulbs, promoting a "switch off" policy, and setting air conditioner temperatures to a reasonable level. The Group also encourages the use of email and double-sided printing to reduce paper usage.

Moving forward, the Group will include water and energy management as an integral part of planning for future projects to further reduce the consumption of resources.

In November 2016, the Paris Agreement entered into force, calling for global response to the threat of climate change and emphasising the need to limit the rise of global temperatures.

PROTECTING THE ENVIRONMENT

THE ENVIRONMENT AND NATURAL RESOURCES

In order to generate long-term values for stakeholders and local communities, the Group understands the importance of minimising the negative environmental impact of its business operations. The Group has adopted measures to raise the awareness of employees, customers and suppliers on environmental protection.

Employees	<ul style="list-style-type: none">• Promote employee awareness of environmental concerns, actions and responsibilities through the Group's programmes and communication channels such as employee meetings, emails and notices
Customers	<ul style="list-style-type: none">• Integrate environmental protection messages into products, guest experiences and media platforms worldwide• Promote recycling
Contractors and suppliers	<ul style="list-style-type: none">• Promote the adoption of environmental protection goals and practices by contractors and suppliers acting on behalf of the Company

In the reporting year, the Group did not identify any non-compliance cases relating to environmental laws and regulations in the reporting scope.

EMPLOYEE WELL-BEING

EMPLOYMENT

Employees are the foundation of the Group's business growth. The Group believes that every employee should be respected. The Group places high importance on human resource management. The Group has adopted a Human Resource Policy covering recruitment, dismissal, working hours, compensation and benefits. A Staff Handbook is in place to ensure that all employees are aware of the goals, policies and procedures of the Group as well as their responsibilities.

The Group supports equal opportunity, diversity and anti-discrimination. The Group has established a grievance mechanism for employees to report any complaints, problems or concerns in the workplace. All grievances will be dealt with within two working days by the Human Resources Department. The Group did not receive any employee grievance in the reporting year.

HEALTH AND SAFETY

The Group is committed to providing and maintaining a safe, healthy and hygienic workplace for all employees. The Group ensures that health and safety is integral to the way business is operated, and regulatory compliance is diligently upheld.

Moving forward, the Group plans to establish a health and safety policy to provide specific guidance for the implementation of safety measures.

TRAINING AND DEVELOPMENT

The Group deeply believes that nurturing and retaining talent is a central part of ensuring the development and strengthening the competitiveness of enterprises.

It is the Group's aim to encourage employees' career and personal development. The Group has included training and development guidelines in its Human Resource Policy. The Group provides on-the-job training and supports employees to participate in workshops, conferences and external training opportunities.

LABOUR STANDARDS

The Group is fully aware that child labour and forced labour violate fundamental human rights, International Labour Conventions, and also pose threats to sustainable social and economic development. Therefore, the Group prohibits the use of child labour by reviewing the actual age of the interviewees in the recruitment process, which includes the examination of identity documents and detailed records. The Group only carries out the requirements of the standard labour contract and will not use any means to unfairly restrict the employment relationship between the employee and the Group by, for example, withholding a deposit or identity documents. In accordance with the law, employees have the freedom to terminate their labour contract.

During the reporting period, the Group complied fully with laws and regulations relating to employment, occupational health and safety and labour standards, including laws prohibiting child or forced labour in the reporting scope.

The International Labour Organization (ILO) is the United Nations specialized agency that promotes working and living standards around the world through the promulgation of labour standards in a range of International Labour Conventions and Recommendations. China is a founding member of the ILO and a permanent member. Hong Kong has currently adopted 41 International Labour Conventions which therefore apply to working conditions and employment policies.

SUPPLY CHAIN MANAGEMENT

Proper management of the supply chain is key to maintaining the Group's reputation and ensuring corporate sustainability. A Green Procurement Policy was established to outline the Group's commitment to work with its suppliers in understanding their impact on the environment and fostering good business practices.

The Group is committed to the purchase and use of environmentally and socially responsible materials, products and services. With the implementation of the Green Procurement Policy, the Group aims to reduce its impact on the environment and human health through changing purchasing behaviour.

Objectives			
Encourage the sustainable use of resources	Reduce waste to landfill	Improve environmental health	Support sustainable long-term markets for recyclable materials
Reduce ecological footprint	Eliminate unnecessary purchasing	Improve human health	Contribute to community progress towards sustainability

The Group commissioned an operator in Vanuatu to operate its gaming business. The Group fully understands that outsourcing does not mean it can avoid responsibilities or risks in corporate sustainability. Recognising its roles and responsibilities, the Group reviews and monitors its operator's business procedures on a regular basis.

To further enhance its supply chain management, the Group plans to provide guidance on environmental and social management to its operator, and will consider adopting appropriate measures to monitor its operator's environmental and social performance.

PRODUCT RESPONSIBILITY

The Group is committed to ensuring responsible gaming, and is dedicated to providing an enjoyable and positive experience for all players. The goal of the Group's Responsible Gaming Policy is to advocate the responsible use of its gaming products, reduce the potential for harm from gaming, and promote assistance services for customers who may have gambling problems.

The Group has taken a proactive attitude to oppose problem gambling.

Age verification	<ul style="list-style-type: none">• The Group requires its registered players to be at least 18 years of age, or the age of maturity in their country of residence in the event that this is higher• When a player creates an account, the player has to fill out a personal information form to collect his/her name, ID number (first 5 digits), address, and birth date to confirm that the player is at least 18 years old• Any underage player who has provided dishonest or inaccurate information regarding their true age may have all winnings forfeited• The Group does not target underage players with its marketing and advertising
Guidelines	<ul style="list-style-type: none">• Gambling guidelines are provided to players to reduce the risk that problems may occur
Self-exclusion	<ul style="list-style-type: none">• Questionnaires are available on the Group's online gaming platform, the questions help players to determine whether they are likely to have developed gambling problems• Players can request to exclude themselves from accessing their accounts
Setting limits	<ul style="list-style-type: none">• The Group encourages and allows the players to restrict their betting to agreed limits

The Group recognises the importance of customer data privacy. It is the Group's objective to provide a high level of data protection. The Group plans to establish a data protection and security policy to reaffirm this commitment.

ANTI-CORRUPTION

The Group believes that the integrity of business is a basic foundation of corporate social responsibility, as well as a fundamental element for a business's competitive advantage and corporate sustainability. The Group is committed to conducting business honestly, ethically and with integrity; any corrupt activities are prohibited. The Group's commitment is implemented through its Anti-Corruption Policy.

Employees are prohibited from soliciting or accepting money, loans, credits, prejudicial discounts, gifts, entertainment and favours or services from clients, suppliers or any person having business dealings of any kind with the Group, and are also prohibited from offering the same.

The gaming business in Vanuatu has a risk of being exploited for money laundering; the Group recognises that such activities can cause material adverse impact on corporate sustainability. In view of this, the Group has implemented various anti-money-laundering measures.

Identity verification	<ul style="list-style-type: none"> • Verify each player's identity
Recording system	<ul style="list-style-type: none"> • Maintain proper records of players and junkets • Record each single or aggregated bet • Record which parties are involved in each transaction • Track high value and suspicious transactions and generate a report when it detects any suspicious or high value transactions
Collaborate with authorities	<ul style="list-style-type: none"> • Identify and report suspicious irregularities to relevant authorities
Internal control	<ul style="list-style-type: none"> • Conduct internal control reviews on the internal systems and procedures

During the reporting period, the Group did not identify any non-compliance with laws and regulations relating to product responsibility, and there were no incidents relating to corruption brought against the Group and its employees in the reporting scope.

INVESTING IN COMMUNITIES

In markets conscious of corporate conduct and the “social license to operate”, the sole pursuit of maximum financial return to shareholders in the short term is not the only goal of business management. As a progressive enterprise, the Group deeply understands the importance of meeting the expectations of various stakeholders including the communities in which we source, manufacture and market our products and services. Therefore, from the perspective of long-term development of the enterprise, the Group emphasises aligning the interests of shareholders with the interests of all other stakeholders so that enterprises can prosper in a long-term, stable and healthy manner. As an organisation with commitment to social responsibility, the Group is committed to understanding the needs of the communities in which we operate.

The Group plans to establish community investment policy to provide a framework for implementing various philanthropic initiatives in the future.

ESG REPORTING GUIDE

CONTENT INDEX

Material Aspects	Content	Page index
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	8
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	9
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	9
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	9
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	10
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	11
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	12
B7 Anticorruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	13
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	14

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