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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)

**DISCLOSEABLE TRANSACTION
INVOLVING ISSUE OF NEW SHARES
UNDER GENERAL MANDATE
IN RESPECT OF
THE ACQUISITION OF
THE 60% EQUITY INTERESTS IN
FORENZIA ENTERPRISES LIMITED**

Financial adviser to Amax International Holdings Limited

 **川盟融資有限公司**
Chanceton Capital Partners Limited

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 14 October 2014 (after trading hours), the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at a total consideration of HK\$48,100,000. The Sale Shares represent 60% of the issued share capital of the Target Company.

The Consideration shall be satisfied by the Company by allotment of an aggregate of 37,000,000 Consideration Shares at the Issue Price upon Completion.

The Acquisition is subject to fulfilment of the conditions precedent as detailed in the paragraph headed “Conditions precedent” in this announcement. Upon Completion, the Company will be interested in 60% equity interests in the Target Company and the Target Group will become subsidiaries of the Company.

The Target Group holds a Gaming License in Vanuatu and its principal business is to conduct gaming business in Vanuatu. As at the date of this announcement, the Vendor holds 100% of the issued share capital of the Target Company.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and their respective associates are Independent Third Parties.

IMPLICATION OF THE LISTING RULES

Since the percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to reporting and announcement requirements. No shareholder approval is necessary as the Consideration Shares are issued under the General Mandate.

INTRODUCTION

Reference is made to the announcement of Amax International Holdings Limited dated 18 March 2014 (the “Announcement”) in relation to the Proposed Acquisition of 60% shareholding of the Target Company by the Company and the announcements of the Company dated 3 June 2014 (the “First Extension Announcement”), 3 July 2014 (the “Second Extension Announcement”), 31 July 2014 (the “Third Extension Announcement”) and 1 September 2014 (the “Fourth Extension Announcement”) in relation to the extension of long stop dates of the LOI. Terms defined in the Announcement; the First Extension Announcement; the Second Extension Announcement; the Third Extension Announcement and the Fourth Extension Announcement shall have the same meanings when used herein, unless the context requires otherwise.

On 14 October 2014 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at a total consideration of HK\$48,100,000.

THE SALE AND PURCHASE AGREEMENT

Date : 14 October 2014 (after trading hours)

Parties : (1) the Company (the “Purchaser”)
(2) the Vendor

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquires, the Vendor and their respective associates are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares. The Sale Shares represent 60% issued share capital of the Target Company. As at the date of this announcement, the Target Company is wholly and beneficially owned by the Vendor.

Consideration

The total Consideration of HK\$48,100,000 shall be payable by the Purchaser to the Vendor on Completion by way of issuing the Consideration Shares. The Consideration will be settled by the following schedule:

- (i) 22,200,000 of the Consideration Shares will be issued and allotted to the Vendor upon the completion of the Acquisition; and
- (ii) 14,800,000 of the Consideration Shares will be issued and allotted to the Vendor within 6 months after the commencement of operation of the online casino.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor. Having considered the following reasons:

- (i) a valuation report prepared by Grant Sherman Appraisal Limited ("Grant Sherman"), an independent valuer. Based on the valuation report, the value of the 60% equity interest in the Target Company as at 30 April 2014 was approximately HK\$55,912,000. The Consideration represents a discount of HK\$7,812,000 or approximately 13.97% on the value of the 60% equity interest in the Target Group;
- (ii) the business development and prospects of the Target Group in the medium to long term; and
- (iii) the Consideration will be satisfied by the issue and allotment of the Consideration Shares at Completion without initial deposit and the use of the financial resources of the Company,

the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the terms and conditions of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition shall be conditional upon fulfilment of the following:

- (a) completion by the Purchaser of the legal and financial due diligence review and the Purchaser being reasonably satisfied with such review;
- (b) the obtaining by the Purchasers of all necessary consents, authorizations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance of the terms of the Sale and Purchase Agreement which may be required under any regulatory authority;

- (c) the Purchaser being reasonably satisfied that all warranties will remain true and correct and there being no Material Adverse Change as at the Completion Date;
- (d) the Purchaser having obtained a legal opinion from qualified lawyers practicing in the British Virgin Islands in the form satisfactory to the Purchaser confirming the legality, validity and enforceability of the transactions contemplated;
- (e) the Purchaser having obtained a legal opinion from qualified lawyers practicing in Vanuatu in the form satisfactory to the Purchaser confirming the legality and validity of the Gaming License;
- (f) The Purchaser having obtained a valuation report on the value of the Target Group from valuation experts acceptable in the form reasonably satisfactory to the Purchaser;
- (g) The Company having obtained approval from the Stock Exchange of Hong Kong Limited on the listing and dealing of the Consideration Shares.

The Purchaser may waive all or any of the conditions set out in this Clause (except (b), (d), (e), (f) & (g)) at any time before the Long Stop Date by notice in writing to the Vendor. If any of the above conditions are not satisfied by the Long Stop Date (or on such date as shall be extended by agreement between the parties), the Sale and Purchase Agreement shall be terminated and have no effect and neither party shall then have any liability hereunder.

Completion

Completion will take place on or before the third Business Day after satisfaction (or waiver) of all the Conditions precedent of the Sales and Purchase Agreement.

CONSIDERATION SHARES

The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid upon Completion. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Issue Price represents:

- (i) a discount of approximately 2.26% to the closing price of HK\$1.33 per Share as quoted on the Stock Exchange on 14 October 2014, being the date of the Sale and Purchase Agreement;
- (ii) a discount of approximately 0.91% to the average of the closing prices of HK\$1.312 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (iii) a discount of approximately 0.84% to the average closing price of HK\$1.311 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

The Issue Price was determined by the Board after taking into consideration of the prevailing Share prices and the Directors consider that the Issue Price is fair and reasonable.

The Consideration Shares represent approximately 15.77% of the existing issued share capital of the Company and approximately 13.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued pursuant to the General Mandate and will be allotted and issued on the date of Completion. As at the date of this announcement, no Shares have been issued and allotted under the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and prior to Completion; and (ii) immediately upon Completion and the allotment and issue of the Consideration Shares.

	As at the date of this announcement		Immediately upon Completion and the allotment and issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Ng Man Sun	38,877,366	16.57%	38,877,366	14.31%
The Vendor	—	—	37,000,000	13.62%
Public shareholders	<u>195,755,420</u>	<u>83.43%</u>	<u>195,755,420</u>	<u>72.07%</u>
Total	<u><u>234,632,786</u></u>	<u><u>100.00%</u></u>	<u><u>271,632,786</u></u>	<u><u>100.00%</u></u>

INFORMATION ON THE TARGET GROUP

Information on the Target Company

The Target Company is an investment holding company incorporated in BVI on 21 January 2014 and is wholly-owned by the Vendor. Save and except for the 100% equity interest in Lion King and 50% equity interest in Chartreuse, the Target Company has no other material assets and liabilities as at the date of the Sale and Purchase Agreement.

As the Target Company has no business other than holding the share of Lion King, according to the management accounts of the Target Company supplied by the Vendor, the Target Company recorded no revenue nor expense and had a net asset value of approximately HK\$780 as at 31 August 2014.

Information on Lion King

Lion King is an investment holding company incorporated in Vanuatu on 24 January 2014 and is wholly-owned by the Target Company. Save and except for the 50% equity interest in Chartreuse, Lion King has no other material assets and liabilities as at the date of the Sale and Purchase Agreement.

Information on Chartreuse

Chartreuse is a company incorporated in Vanuatu on 21 October 2013 with limited liability. As at the date of the Sale and Purchase Agreement, Chartreuse holds the Gaming License.

The Gaming License

Chartreuse was granted the Gaming License issued by the Ministry of Finance and Economic Development of Vanuatu for a term of fifteen (15) years from 24 February 2014.

Under the Gaming License, the Target Group can conduct interactive gaming business in Vanuatu by allowing players to play games through a telecommunication device including, but not limited to, computers connected by Internet or other communication network, and a prize consisting of money or something else of value is offered or can be won under the rules of the game.

The Gaming License is subject to an annual renewal fee of US\$50,000 and the interactive gaming tax rate is 2.5% on the Net Winning.

Business Model and Operation of the Target Group

In order to fully comply with the requirements set out in the Guidance Letter HKEx-GL71-14 on Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers and paragraphs 41 and 42 of The Listing Committee Report 2006 published by the Stock Exchange, the business model and operation of the Target Group will be structured to ensure that:

- i) the gaming activities take place only in Vanuatu and outside Hong Kong;
- ii) the bookmarking transactions and parties to the transaction are only in Vanuatu and outside Hong Kong; and
- iii) the gaming activities do not violate any applicable laws in Vanuatu and Hong Kong.

The Target Group holds the Gaming License and plans to setup the hardware and software of the online casino, and the VIP rooms in Vanuatu for running the gaming business after the completion of the Acquisition.

Terminals to access the online casino are physically set up in the VIP rooms located in hotels or commercial buildings which are independent to the Company in Vanuatu. The online casino can only be accessed within Vanuatu from these terminals as the network will block all access from outside Vanuatu. The Target Group planned to launch not more than 10 live baccarat tables at the initial stage. Video-cameras/Closed-circuit televisions will be installed to transmit the actions on the live baccarat tables to the terminals in real time, which allows players to play online on a 24/7 basis. A maximum total number of 15 online live baccarat tables will be launched to capture excess demand as the business and monthly rolling grows.

All hardware and software including, but not limited to, host, database, video servers, applications and firewall etc will be kept in a data centre in Port Vila, Vanuatu. A team of qualified information technology staff will be seconded from the application supplier and stationed in Port Vila, Vanuatu to provide technical supports on the entire online casino system.

All the setup will be located outside Hong Kong and legal opinions have been obtained from qualified lawyers in relevant regions that all applicable laws and regulations of all relevant regions have been complied with.

The Target Group will outsource the operation of the online casino to an independent operator (“Operator”). The Operator will manage and operate both the terminals and the online live baccarat tables. The Operator is responsible for formulating strategies; monitoring the human resources and administration functions; promoting the online casino; overseeing the entire day-to-day operations of the Company as well as arranging the VIP rooms for the players to access the online casino with a view to ensuring the continuity of the operation of the online casino.

The Operator will negotiate with junkets for sourcing players to play in the online casino in Vanuatu. The major potential customers of the Target Group will be high rollers from the PRC and across Asia, and the junkets will promote the online casino in Macau and across Asia. High rollers will visit the Company’s VIP rooms in Port-Vila, Vanuatu to play baccarat online and the junkets will bear all transportation and accommodation costs of the high rollers. In addition, in case VAT is payable under such business model, all the VAT will be borne by the junkets. VAT is calculated on 12.5% of Net Winning. The Target Group is not subject to other income taxes in Vanuatu.

To access the online casino, each player will be assigned an account to login the online casino. Players can only access the online casino by logging into their account through the terminal installed in the VIP rooms. All transactions, settlements and outstanding balance account of each player will be recorded in the online casino system and available for access by the Operator and the junkets. The Operator and the junkets will settle their account balances twice a week. For any junket who is not able to settle his account balance in a timely manner, the online casino accounts of his players will be suspended immediately.

The revenue of the business is the Net Winning net of junket commission. The major cost of the business including the service fee paid to the Operator, the commission fee paid to the junkets, expenses on technical support and data centre, the annual fee on the Gaming License, taxation and the marketing expenses for promoting the online casino. The Operator will bear the expenses on the manpower and rental costs for the online live baccarat tables. All settlements between the Operator and the junkets will be done via the bank account of Chartreuse in Vanuatu.

Internal Controls on Anti-Money Laundering

The Target Group has to comply with the Code of Practice of Vanuatu Interactive Gaming Act No. 16 of 2000 (“Code of Practice”) issued by the Ministry for Finance and Economic Management of Vanuatu in respect of anti-money laundering, measures covered by the Code of Practice including, but not limited to:

1. to verify individuals’ identities and keep proper records on the players and junkets in the database of the online casino;
2. to record any bets, single or aggregated, over a certain amount by the recording system of the online casino, which can record and report on each transactions with the parties involving in such transaction; and

3. to report suspicious irregularities to relevant authorities, which the Operator will monitor the report from the online casino to identify any suspicious irregularities and report to the Target Group and relevant authorities immediately.

In addition, the Target Group does not intend to incorporate payment gateway into the online casino, therefore, the online casino cannot accept credit card or any forms of electronic currencies for the transactions.

The Gaming License and relevant laws and regulations impose strict obligations upon the Target Group with respect to anti-money laundering protections. The Target Group has to develop a comprehensive anti-money laundering policy and related procedures for its financial closing and reporting process and update its control system and compliance procedures accordingly whenever there are changes in the anti-money laundering laws and regulations.

The Director of Customs and Inland Revenue of Vanuatu (the “Regulator”) is responsible to approve the control system, including anti-money laundering policies and procedures to be adopted.

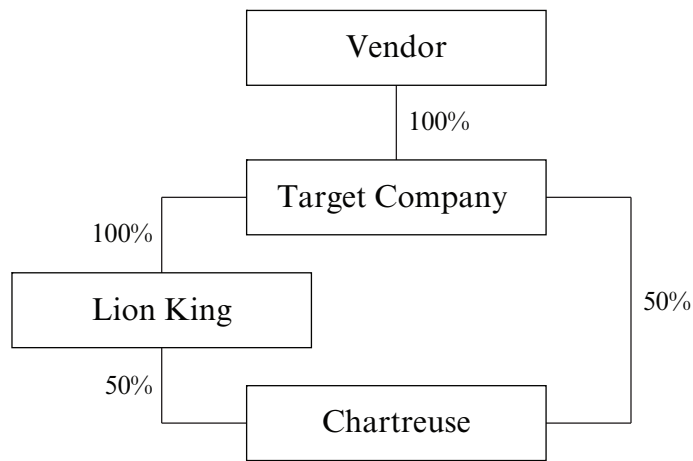
All the games in the online casino are being run in a computer system and the Operator can track high value and suspicious transactions and generate a report when it detects any suspicious or high value transaction. Upon receiving reports of high value or suspicious transactions, the Operator will review the details of the case and decides on the course of action. If there is a suspicious transaction, the Operator will report to the Financial Intelligence Unit of Vanuatu and will provide a report to the Regulator.

The Company will conduct internal control review on the internal systems and procedures and anti-money laundry mechanism of the target Group on an annually basis. The reviewing party, subjects reviewed and the review results will be incorporated in the annual report of the Company.

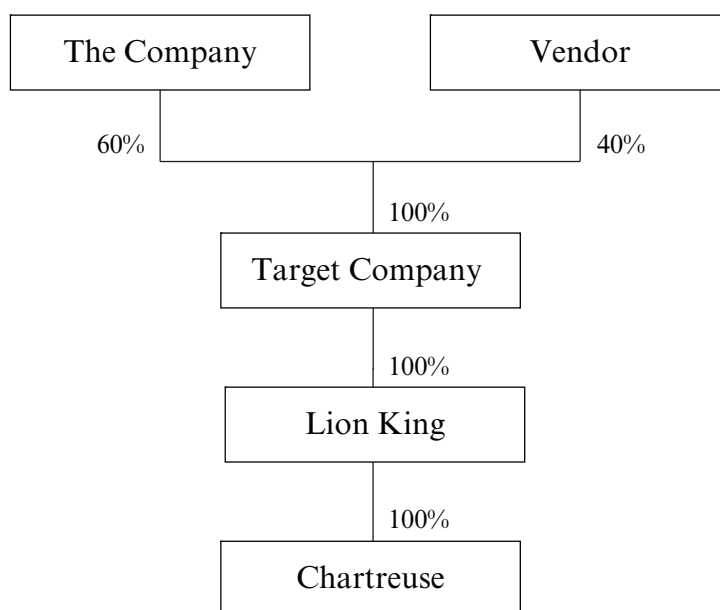
TARGET GROUP STRUCTURE

The following diagrams set out the shareholding structure of the Target Group as at the date of this announcement and immediately upon Completion.

Shareholding structure of the Target Group as at the date of this announcement



Shareholding structure of the Target Group immediately upon Completion



FINANCIAL INFORMATION OF THE TARGET GROUP

With reference to the Target Group's unaudited financial statements as at 31 August 2014, which is prepared in accordance with the Hong Kong Financial Reporting Standards, the Target Group recorded no turnover nor expense and had a net asset value of approximately HK\$780.

RISKS RELATING TO THE BUSINESS, OPERATIONS AND THE GAMING INDUSTRY IN VANUATU

The winnings of our players could exceed the Target Group's online casino winnings.

The Target Group revenues are mainly derived from the difference between the Target Group's online casino winnings and the winnings of its players. Since there is an inherent element of chance in the gaming industry, the Target Group does not have full control over the Target Group's winnings or the winnings of its players. If the Target Group's online casino winnings are less than the winnings of its players, it may record a loss from its gaming operations, and its business, financial condition and results of operations could be materially and adversely affected.

Theoretical win rates for the Target Group's online casino operations depend on a variety of factors, some beyond our control.

The gaming industry is characterized by an element of chance. In addition to the element of chance, theoretical win rates are also affected by other factors, including players' skill and experience, the financial resources of players, the spread of table limits, the volume of bets placed by our players and the amount of time players spend on gambling — thus the Target Group's actual win rates may differ greatly over short time periods and could cause our results to be volatile. These factors, alone or in combination, have the potential to negatively impact the Target Group's win rates, and our business, financial condition and results of operations could be materially and adversely affected.

The Target Group cannot assure its anti-money laundering and anti-corruption policies will be effective in preventing the occurrence of money laundering or other illegal activities at the online casino.

Through the Operator, the Target Group will implement anti-money laundering policies in compliance with all applicable laws and regulations in Vanuatu. However, the Target Group cannot assure such policies will be effectively carried out by responsible personnel in order to prevent its online casino operations from being exploited for money laundering purposes. Any incidents of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving the Target Group, the Operator, its employees, its junkets or its players could have a material adverse impact on its reputation, relationship with its regulators, business, cash flows, financial condition, prospects and results of operations. Any serious incident of money laundering or regulatory investigation into money laundering activities may cause a revocation or suspension of the Gaming License.

The Target Group business is sensitive to downturns in the economy, economic uncertainty and other factors affecting discretionary consumer spending.

Demand for the type of gaming services the Target Group offer is sensitive to downturns and uncertainty in the global and regional economy and corresponding decreases in discretionary consumer spending, including on leisure activities. Changes in discretionary consumer spending or consumer preferences could be driven by factors such as perceived or actual general economic conditions, energy, fuel and other commodity costs, the cost of travel, employment and job market conditions, actual or perceived levels of disposable consumer income and wealth, and consumer confidence in the economy. These and other factors have in the past reduced consumer demand for the gaming services the Target Group offer, imposed practical limits on pricing and materially and adversely affected our business, financial condition and results of operations and could affect the Target Group's liquidity position.

If China or other countries impose or adjust government restrictions on currency conversion or the ability to export currency, our business or results of operations could be adversely affected.

The major potential customers of the Target Group will be high rollers from the PRC and across Asia. China currently imposes currency exchange controls and restrictions on the export and conversion of its currency, the Renminbi. Restrictions on the export of the Renminbi, as well as increases in the effectiveness of such restrictions, may impede the flow of gaming patrons from China to Vanuatu, inhibit the growth of gaming in Vanuatu and negatively impact the Target Group's gaming operations. In addition, currency exchange controls and restrictions on the export of currency by other countries may negatively impact the success of our business.

Commencement of business is subject to certain approvals to be granted on the engagement of Operator, venue and technical setting up.

For the commencement of the Target Group's business, the Target Group has to engage Operator, select the venues for setting up the gaming tables, hardware and software for the online casino. Approvals have to be granted by the Regulator on the engagement of the Operator, and the employment of the hardware and the software for the online casino. If the approvals for the Operator, hardware and software for the online casino could not be obtained or the Company could not find suitable venues as mentioned above, the commencement of the Target Group's business could be adversely effected. The Company is in the final stage of the selection process on the Operator, suppliers for hardware, online casino application and IT support service etc. In this regard, written agreements will be signed after completion of the Acquisition. In addition, the Company is identifying certain hotels and commercial buildings for the VIP rooms setup. The setup process for the online casino will be around 1.5 months to 2 months and the company will try its best endeavour to commence the Target Group's business on or before 31 December 2014. If the Target Group cannot commence business before 31 December 2014, it will apply for further extension of time from the Regulator for the commencement of business.

LEGAL OPINION AND REGULATORY ENVIRONMENT

After Completion, the Group will engage in the operation of the gambling activities in Vanuatu. Under the Guidance Letter, should the Group directly or indirectly be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate and/or (ii) contravene the Gambling Ordinance, the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares. In that connection, the Company has obtained legal opinions from qualified lawyers in Vanuatu and Hong Kong.

Having reviewed and considered these legal opinions, the Company is satisfied that:

- (i) Chartreuse has been duly granted the Gaming License and is valid and no breach or complaint of breach of the terms and conditions of the Gaming License has been recorded by the Regulator;
- (ii) approval has been given by the Regulator in relation to the extension to the deadline for commencement of trading to 31 December 2014, and trading, in the opinion of the lawyer from Vanuatu, refers to the commencement of business operation;
- (iii) approval has been given by the Regulator in relation to the Acquisition and corporate restructuring of the Target Group to permit the Target Company to hold 100% of Lion King and Lion King to hold 100% of Chartreuse;
- (iv) the business model of Chartreuse, which was set out in "Business Model and Operation of the Target Group" section, does not violate the applicable laws of Vanuatu. Nevertheless, the proposed engagement of an Operator to undertake the business under the Gaming License in the form of the proposed business model are subject to final approval being given by the Regulator on the games to be conducted, control system and interactive gaming equipment to be used and other items as prescribed by the Interactive Gaming Act of 2000 (Cap 261) of Vanuatu; and

- (v) the business model of the proposed operation of Chartreuse in Vanuatu is not unlawful under the Gambling Ordinance of the laws of Hong Kong in that the gambling activities being take place outside Hong Kong and the bookmarking transactions an practices to the transactions are outside Hong Kong.

Regarding the regulatory environment, the business of the Target Group is subject to the governing of the Interactive Gaming Act of 2000 (Cap 261) of Vanuatu (the “Gaming Act”).

The Gaming Act in Vanuatu

The Vanuatu government approved online gaming in 1999 and the Gaming Act was passed by the Vanuatu Parliament in March 2000 and officially published on 31 May 2000. The licensing process is regulated by the Ministry of Finance and Economic Development and the Director of Customs and Inland Revenue of Vanuatu.

According to the Gaming Act, interactive game is defined as a game that the player plays the game through a telecommunications device and winning of the prize in the game by chance or a competition based on the game in the computer. Betting on a race event through a telecommunications device is not classified as an interactive game under the Gaming Act. No internet gambling by persons under 18 is allowed.

The Vanuatu government requires background checks on applicants, their close associates, and significant suppliers; the company’s gaming systems; financial security; corporate competency; and its business plan. Licensees are required to provide monthly reports showing players’ funds are managed appropriately and the business finances are in order.

An interactive gaming license for all other gaming requires a license fee and an annual fee. The period of a licence cannot exceed 15 years. Once approved, operators must pay an interactive gaming tax of 2.5% on Net Winning. No other taxes or charges are levied on licensees or licensee companies under the Gaming Act.

VALUATION OF FORENZIA ENTERPRISES LIMITED

The Company has appointed Grant Sherman, an independent valuer, to conduct the valuation report. The value of the 60% equity interest in the Target Company as appraised by Grant Sherman as at 30 April 2014 was HK\$55,912,000.

According to the valuation report prepared by Grant Sherman, the valuation report adopted the income-based approach using discounted cash flow method which involves projections of profits, earnings and cash flows and are regarded as profit forecasts under Rule 14.61 of the Listing Rules (the “Profit Forecast”). Certain specific assumptions have been adopted in the valuation report and the principal ones are as follows:

- There will be no major changes in the existing political, legal, and economic conditions in Vanuatu in which the Target Company carries on its business;
- There will be no major changes in the taxation law in Vanuatu, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;
- Currency basket in which Vanuatu Vatu pegs to, exchange rates, interest rates and inflation rates will not differ materially from those presently prevailing;

- The Target Group and the Operator will obtain all necessary permits, licenses, certificates and approvals to carry out the operation of business;
- The Target Group will be able to meet the deadline to commence trading under the Gaming License on or before 31 December 2014;
- The Target Group will recruit and have competent management, key personnel, and technical staff to implement its business plan and projections;
- Industry trends and market conditions for the interactive gaming and VIP gaming business as well as its related industries in Macau will not deviate significantly from the management's estimation and the projections;
- The business plan and the projections have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration;
- The availability of finance will not be a constraint on the Target Group's operation in accordance to the business plan and the projections;
- The Operator has dealt with enough junkets to obtain sufficient rolling for the first year, so that there is a 50% of probability to achieve a normal case of HK\$30 billion of rolling, 30% of probability to achieve a worse case of HK\$20 billion of rolling and 20% of probability to achieve a better case of HK\$40 billion of rolling;
- Chartreuse is only subject to the interactive gaming tax of 2.5% with reference to the legal opinions; and
- According to the management, the junkets will bear all VAT, which is 12.5% of Net Winning, in case Chartreuse is subject to VAT.

Chanceton Capital Partners Limited ("Chanceton"), which is the financial adviser to the Company, has reviewed the profit forecast and discussed with the Directors the principal assumptions upon which the profit forecast were based. Chanceton has also considered the report from CCIF CPA Limited ("CCIF") referred to below regarding the calculations of the discounted future estimated cash flows on which the valuation in respect of the Target Group prepared by Grant Sherman were based. On the basis of the foregoing, Chanceton is of the view that the profit forecast have been made by the Directors after due and careful enquiry.

CCIF, the reporting accountants of the Company, has also examined the calculations of the discounted future estimated cash flows of the Target Group on which the valuation prepared by Grant Sherman of the 60% equity interest in the Target Company were based.

A letter from Chanceton and a report from CCIF are included in the appendices of this announcement for the purposes of Rules 14.60A and 14.62 of the Listing Rules. The Company has submitted the letter from Chanceton and the report from CCIF to the Stock Exchange in compliance with Rules 14.62(2) and (3) of the Listing Rules.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

Name	Qualification
Grant Sherman	Valuer
CCIF	Certified Public Accountants
Chanceton	a corporation licensed to conduct type 6 (advising on corporate finance) regulated activities as defined under the SFO

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Grant Sherman, CCIF and Chanceton is a third party independent of the Group and its connected persons.

As at the date of this announcement, none of Grant Sherman, CCIF or Chanceton has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Grant Sherman, CCIF and Chanceton has given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its opinion and advice and all references to its name in the form and context in which they are included.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in investments in gaming and entertainment related business.

As stated in the Company's annual report for the year ended 31 March 2014, the Company is actively exploring investment opportunities in order to diversify its source of income and expand its gaming business. The Company has identified the Target Group as an appropriate acquisition target to the Company and is of the view that the Acquisition would allow the Company to enter the gaming sector of Vanuatu.

In 2013, the gaming revenue of Macau reached a record high and the Company considered that there will be challenge in maintaining the current high growth of gaming revenue in 2014 as the Macau government is trying to control the expansion of the gaming sector by imposing constraints on the supply of gaming tables. The Company is of the view that with the high demand from high rollers and the possible shortage of supply of VIP tables in Macau, there will be demand for a new gaming market for diverting high rollers to other places out of Macau. The Company has identified Vanuatu for the gaming business as (i) Vanuatu provides a satisfactory business environment and opportunities for overseas investors; (ii) high rollers are more willing to visit casinos outside Macau; (iii) the support from Vanuatu Government to develop its gaming sector and promote Vanuatu to Asia; and (iv) the low tax rate in Vanuatu allows the Company to adopt aggressive tactics to attract high rollers. The Target Group has obtained the Gaming License in Vanuatu and the Company is of the view that by utilising its expertise in operating casino in Macau and the network to reach high rollers and acquiring the Target Group, the Company can enter the Vanuatu gaming market with a lower cost by setting up gaming sites within Vanuatu.

Despite the dilution effect as a result of the issue of Consideration Shares (details are set out in the paragraph headed “Changes in shareholding structure of the Company” above), taking into account that (i) the issue of Consideration Shares would not create any cash outlay to the Company immediately upon Completion; (ii) the Company could enter into the gaming sector of Vanuatu; and (iii) the Acquisition may improve the financial performance of the Company in future, the Board considers that possible dilution effect on the Shareholders to be acceptable. The Directors consider the Acquisition is a good opportunity for the Company to capture the demand of high rollers in the gaming sector in Vanuatu and expect that the Acquisition will present the Company with favourable long term prospects.

The Directors believe that the Acquisition offers the Company a good opportunity to enter the gaming sector of Vanuatu by utilising the expertise and network of high rollers of the Company and to enhance the Company’s income stream and are of the opinion that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition calculated pursuant to the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company for the purpose of the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. No shareholder approval is necessary as the Consideration Shares are issued under the General Mandate.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition of 60% equity interests of the Target Company through the purchase of the Sale Shares by the Purchaser as contemplated under the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Days”	a day (excluding Saturday and any day on which no.8 signal or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon during a typhoon or on which a black rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which banks are open for business in Hong Kong;
“BVI”	British Virgin Islands;
“Chartreuse”	Chartreuse Holdings Limited, a company incorporated in Vanuatu and is currently evenly owned by Lion King and the Target Company, and will be wholly-owned by Lion King immediately upon Completion;
“Completion”	the completion of the sale and purchase of the Sales Shares of the Target Company;

“Completion Date”	The day on which Completion shall take place(or such later date as the parties shall agree);
“Company”	Amax International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (Stock Code: 959);
“connected persons”	has the same meaning as ascribed to it under the Listing Rules;
“Consideration”	HK\$48,100,000, being the consideration payable by the Purchaser to the Vendor for the sale and purchase of the Sale Shares;
“Consideration Share(s)”	up to 37,000,000 ordinary shares of HK\$0.20 each in the capital of the Company to be issued and allotted to the Vendor for the full or partial settlement of the Consideration;
“Director(s)”	the director(s) of the Company;
“Gaming Act”	Interactive Gaming Act of 2000 (Cap 261) of Vanuatu;
“Gaming License”	The Interactive Gaming License No. IGL27/2014 issued by the Ministry of Finance and Economic Development of Vanuatu for a term of fifteen (15) years;
“General Mandate”	the general mandate to the Directors at the annual general meeting of the Company held on 29 August 2014. Under this general mandate, the Directors are allowed to allot and issue up to 45,646,557 Shares. As at the date of this announcement, no Shares have been issued and allotted under the General Mandate;
“Group”	the Company and its subsidiaries;
“Guidance Letter”	the Stock Exchange’s guidance letter HKEx-GL71-14 (January 2014) in relation to “Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers”
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	Third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules);
“Issue Price”	HK\$1.30 per Consideration Share;
“Lion King”	Lion King Gaming Limited, a company incorporated in Vanuatu and is a 100% wholly-owned subsidiary of the Target Company;
“Listing Committee”	the Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 December 2014;

“Material Adverse Change”	The occurrence of fact or circumstance that has direct and material adverse effect on the historical or future business, operations, assets, prospects or financial conditions of the Target Company;
“Net Winning”	aggregate net difference between gaming wins and losses;
“PRC”	the People’s Republic of China;
“Regulator”	The Director of Customs and Inland Revenue of Vanuatu;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 October 2014 entered into among the Purchaser and the Vendor in relation to the Acquisition;
“Sale Share(s)”	6,000 shares representing 60% of the total issued and paid up capital of the Target Company;
“Share(s)”	ordinary share of HK\$0.20 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Forenzia Enterprises Limited, a company incorporated in BVI;
“Target Group”	The Target Company and its subsidiaries (if any) and the expressions “Group Company” and “member of the Group” shall be construed accordingly;
“VAT”	value added tax in Vanuatu;
“Vanuatu”	The Republic of Vanuatu;
“Vendor”	Mr. Yau Kam Wai, being the beneficial owner of the entire issued share capital of the Target Company and an Independent Third Party;
“HK\$”	Hong Kong Dollars;
“%”	per cent.

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

Hong Kong, 14 October 2014

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.

* *for identification purpose only*

APPENDIX I — REPORT FROM CCIF

The following is the text of the letter dated 14 October 2014 from CCIF CPA Limited, Certified Public Accountants which was prepared for the incorporation in this announcement.



CCIF

CCIF CPA LIMITED

9/F Leighton Centre
77 Leighton Road
Causeway Bay Hong Kong

14 October 2014

The Board of Directors
Amax International Holdings Limited
Rooms 5106–07
51/F., The Center
99 Queen's Road Central
Hong Kong

Dear Sirs,

We have examined the arithmetical accuracy of the calculations of the discounted future estimated cash flows underlying the business valuation dated 30 April 2014 prepared by Grant Sherman Appraisal Limited in respect of the acquisition of 60% equity interest in Forenzia Enterprises Limited and its subsidiaries (the "Valuation"), which is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' responsibility for the discounted future estimated cash flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future

estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of the 60% equity interest in Forenzia Enterprises Limited as at 30 April 2014.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

CCIF CPA Limited

Certified Public Accountants

Hong Kong

Kwok Cheuk Yuen

Practising Certificate Number P02412

APPENDIX II — LETTER FROM CHANCETON

The following is the text of the letter dated 14 October 2014 from Chanceton Capital Partners Limited, which was prepared for the incorporation in this announcement.

 川盟融資有限公司
Chanceton Capital Partners Limited

14 October 2014

PRIVATE & CONFIDENTIAL

The Board of Directors
Amax International Holdings Limited
Rooms 5106-07
51/F., The Center,
99 Queen's Road Central
Hong Kong

Dear Sirs,

Re: Discloseable Transaction — Valuation of 60% equity interest in Forenzia Enterprises Limited (the “Target Company”) and its subsidiaries (collectively, the “Target Group”) in relation to the acquisition of 60% equity interest in the Target Company

We refer to the valuations of 60% equity interest in the Target Company which is prepared based on discounted cash flow forecast and which are regarded as profit forecasts under Rule 14.61 of the Listing Rules (the “Profit Forecasts”). Capitalised terms used in this letter, unless otherwise defined, shall have the same meanings as those defined in the Announcement.

This letter is issued in compliance with the requirement under Rule 14.62(3) of the Listing Rules.

We have reviewed the Profit Forecasts discussed with you the bases and assumptions made by you as the Directors as set out in the Announcement upon which the Profit Forecasts have been made. We have also considered the report addressed to the Directors from CCIF CPA Limited dated 14 October 2014 regarding the calculations upon which the Profit Forecasts have been made.

On the basis that the Directors are satisfied that there are no further matters that should be brought to our attention, in our opinion, the Profit Forecasts, for which you as the Directors are solely responsible, have been made after due and careful enquiry.

It must be emphasised that the Profit Forecasts necessarily depend on subjective judgement and they are, according to the nature of the business and the period covered, subject to substantial inherent uncertainties. The Profit Forecasts and their underlying assumptions relate to the future and actual financial and trading positions are likely to be different from the forecast since other anticipated events frequently do not occur as expected and the variation may be material. Accordingly, the Profit Forecasts cannot be relied upon to the same extent as information derived from audited financial statements for completed financial accounting periods. For this reason, we express no opinion on how closely the business targets eventually achieved will correspond with the Profit Forecasts.

We make no representation as to the legal interpretation of the above information as presented in the Announcement.

Yours faithfully,
For and on behalf of
Chanceton Capital Partners Limited

Wong Kam Wah
Managing Director