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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
IN RESPECT OF
ACQUISITION OF MOBILE GAME APPS
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

INTRODUCTION

On 16 March 2017 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company), entered into the Acquisition Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Mobile Game Apps at the Consideration of HK\$27,000,000.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

On 16 March 2017 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company), entered into the Acquisition Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Mobile Game Apps at the Consideration of HK\$27,000,000.

THE ACQUISITION AGREEMENT

Principal terms of the Acquisition Agreement are set out as follows:

Date

16 March 2017 (after trading hours of the Stock Exchange)

Parties

- (i) The Vendor; and
- (ii) The Purchaser

The Vendor is an investments holdings company. As at the date of this announcement, the Vendor is owned as to 50% by Mr. Patrick Wah Poon and 50% by Ms. Ng Wing Ki Kristy, respectively. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties. Mr. Patrick Wah Poon has extensive experience in soliciting business for, inter alia, the mobile gaming industry and has established ample networks and resources in the mobile gaming industry.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Mobile Game Apps which is legally and beneficially owned by the Vendor. The Mobile Games Apps comprise of 30 offline mobile game apps which cover the areas including but not limited to (i) leisure and entertainment; (ii) education and intellectual; (iii) sport; and (iv) adventures.

Consideration

The total consideration of the Mobile Game Apps is HK\$27,000,000, which shall be satisfied by the Purchaser procuring the Company to allot and issue Consideration Shares at the issue price of HK\$0.450 per Consideration Share to the Vendor (or its nominee) upon Completion.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiations between the parties to the Acquisition Agreement after taking into account, among others, (i) the growing popularity of smart phones; (ii) the future business prospect of global mobile gaming market; and (iii) the preliminary valuation (the "**Valuation**") of the Mobile Game Apps of HK\$27,400,000 as at 31 January 2017 prepared by the Independent Valuer adopting income approach.

Further details of the Valuation are set out in the section headed "Valuation" below.

Based on the aforesaid, the Directors consider that the Consideration is fair and reasonable and on normal commercial terms and that the entering into the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

Consideration Shares

Pursuant to the Acquisition Agreement, the Consideration shall be satisfied as to HK\$27,000,000 by the allotment and issue of the Consideration Shares at the issue price of HK\$0.450 per Consideration Share by the Company to the Vendor on the Completion Date.

The issue price of HK\$0.450 per Consideration Share represents:

- (i) a discount of approximately 15.09% to the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on 16 March 2017, the date of the Acquisition Agreement; and
- (ii) a discount of approximately 14.77% over the average closing price of approximately HK\$0.528 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Acquisition Agreement.

The issue price of HK\$0.450 per Consideration Share was arrived at after arm's length negotiation between the parties with reference to the recent trading price of the Shares and current market conditions. The Directors consider that the issue price is fair and reasonable. The nominal value of the Consideration Shares is HK\$12,000,000.

The Consideration Shares, when issued, would represent approximately 11.12% of the existing issued share capital of the Company as at the date of this announcement and approximately 10.00% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that there is no other change in the issued share capital of the Company other than the issue of the Consideration Shares since the date of this announcement up to the Completion Date).

Ranking of the Consideration Shares

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respect with the existing Shares in issue.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares on the Stock Exchange.

Conditions precedent

Completion shall be subject to and conditional upon the fulfillment of the following conditions:

- (i) completion by the Purchaser of due diligence review of the Mobile Game Apps and the acceptance test and the Purchaser being reasonably satisfied with such test;
- (ii) the Purchaser having obtained a valuation report on the value of the Mobile Game Apps from the Independent Valuer acceptable in the form reasonably satisfactory to the Purchaser; and
- (iii) the Purchaser having obtained approval from the Stock Exchange on the listing and dealing of the Consideration Shares.

None of the above conditions could be waived. In the event that the above conditions precedent shall not be fulfilled on the Long Stop Date, the Purchaser may at its option by notice in writing to the Vendor to terminate the Acquisition Agreement and none of the Parties shall have any other claims or rights against any other Parties in respect of such termination.

Completion

Completion shall take place on or before the third (3rd) Business Day (or such other date as the parties to the Acquisition Agreement may mutually agree in writing on which Completion is to take place) upon fulfillment of all conditions precedent in the Acquisition Agreement.

COMPANY STRATEGIES TOWARDS THE MOBILE GAME APPS

Upon completion of the Acquisition and after finalizing the overall layout of the Mobile Game Apps, the Company will launch the Mobile Game Apps via various well-known third-party digital distribution platforms (the “**Distribution Platforms**”). It is expected that a lead time of at most six months after completion of the Acquisition is needed to launch the Mobile Game Apps on the Distribution Platforms successfully.

The Mobile Game Apps will be available for download on the Distribution Platforms after being launched. To enjoy the Mobile Game Apps, players need to purchase virtual tokens via the Distribution Platforms. Proceeds from the sale of the virtual tokens, after deducting commission charged from the Distribution Platforms and other expenses payable as detailed below, represent the net revenue generated from the Mobile Game Apps. The virtual tokens purchased by the players are earmarked for a particular game and cannot be used for other purposes. The virtual tokens are not redeemable into cash nor exchangeable into other items of value.

To attract players to download and consume the Mobile Game Apps, the Company plans to recruit its own marketing team or engage third-party marketing consultants as deemed appropriate under each of the Mobile Game Apps. The marketing of the Mobile Game Apps will be a continuing process in which the Company will closely monitor players’ behavior and preferences and strive to respond to any changes or shifts with an aim to retain the players and maintain the revenue derived from the Mobile Game Apps at a stable level. Moreover, the Company will either recruit its own program development team or engage third-party programming consultants to manage and make responsive changes and updates to the Mobile Game Apps, if necessary, to maintain retention rate and revenue per download. The expenses associated with the above-mentioned marketing and programming plans, together with commission charged by the Distribution Platforms upon subscription of virtual tokens by the players, form the major cost structure of the Mobile Game Apps and it is also assumed that the real growth rate of revenue per player would be minimal.

In view of the increasing popularity of the use of mobile devices and mobile entertainment, combining with the Company’s expertise in the gaming and entertainment-related businesses, the Directors are confident that the launching of the Mobile Game Apps could bring in additional income stream to the Group.

VALUATION

According to the Valuation, the appraised value of the Mobile Game Apps is HK\$27,400,000 as at 31 January 2017, which was prepared using discounted cash flow method under the income approach. Therefore, the Valuation constitutes a profit forecast under the Listing Rules, accordingly, the requirements under Rules 14.62 of the Listing Rules are applicable.

The following are the details of the principal assumptions, including commercial assumptions, upon which the Valuation were based:

- financial projection for the period commencing from the year ending 31 December 2017 to 31 December 2026 prepared by the management of the Company;
- discount rate of 18.7% was adopted in the Valuation, with reference to two public companies with business scopes similar to those of the Mobile Game Apps, namely Boyaa Interactive International Limited (Stock Code: 434.HK) and Ourgame International Holdings Limited (Stock Code: 6899.HK);
- discount for lack of marketability of 25% is assumed;
- the Company would commence its business operation related to the Mobile Game Apps in 2017 as advised by the management of the Company;
- corporate income tax rate of 16.5% based on statutory corporate tax rate in Hong Kong;
- all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Mobile Game Apps operates or intends to operate would be officially obtained and renewable upon expiry if needed;
- the financial projection furnished by the Company are reasonable, reflecting the financial conditions and economic fundamentals, and will be materialized;
- there will be sufficient supply of technical staff in the industry in which the Mobile Game Apps operates, and the Company will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- there will be no major change in the current taxation laws in the localities in which the Mobile Game Apps operates and that all applicable laws and regulations will be complied with;
- there will be no major change in the political, legal, economic or financial conditions in the localities in which the Mobile Game Apps operates or intends to operate, which would adversely affect the revenue and profit attributable to the Mobile Game Apps; and
- interest rate and exchange rate in the localities for the operation of the Mobile Game Apps will not differ materially from those presently prevailing.

The Company's auditors, Elite Partners CPA Limited ("**Elite Partners**"), has examined and reported on the calculations of the discounted future estimated cash flows on which the Valuation were based.

Chanceton Capital Partners Limited ("**Chanceton**"), the financial adviser to the Company, has reviewed the profit forecast of the Mobile Game Apps business and has discussed with the management of the Company the principal assumptions upon which the profit forecast were based. Chanceton has also considered the above report from Elite Partners regarding the calculations of the discounted future estimated cash flows on which the Valuation in respect of the Mobile Game Apps prepared by the Independent Valuer 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.

The above-mentioned report from Elite Partners and a letter from Chanceton regarding the profit forecast in the Valuation are set out in the Appendices to this announcement in compliance with Rule 14.62 of the Listing Rules. The Company has submitted the report from Elite Partners and the letter from Chanceton 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 statements in this announcement are as follows:

Name	Qualifications
Elite Partners	Certified Public Accountants
International Valuation Limited	Independent Valuer
Chanceton	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the date of this announcement, each of the Independent Valuer, Elite Partners and Chanceton does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

Each of the Independent Valuer, Elite Partners and Chanceton has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and all references to its name in the form and context in which it respectively appears in this announcement.

GENERAL MANDATE TO ISSUE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with up to 102,639,835 Shares, representing approximately 20% of the issued share capital of the Company as at the date of the AGM. Up to the date of this announcement, the Company has issued 26,600,000 Shares under the General Mandate since the date of the AGM, leaving the balance of the General Mandate of 76,039,835 Shares. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares and the allotment and issue of the Consideration Shares is not subject to the Shareholders' approval.

EFFECT ON THE ISSUE OF THE CONSIDERATION SHARES ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after the allotment and issue of the Consideration Shares is set out below:

Shareholder	As at the date of this announcement		Immediately after allotment and issue of the Consideration Shares	
	Number of Shares	%	Number of Shares	%
Mr. Ng Man Sun (<i>Note 1</i>)	47,412,366	8.78	47,412,366	7.90
Shen Nan (Macao) Investment Co., Ltd. (<i>Note 2</i>)	67,743,000	12.55	67,743,000	11.29
Mr. Huang Wei Qiang	70,890,000	13.13	70,890,000	11.82
Vendor (<i>Note 3</i>)	–	–	60,000,000	10.00
Public	353,753,813	65.54	353,753,813	58.99
	<u>539,799,199</u>	<u>100.00</u>	<u>599,799,179</u>	<u>100.00</u>

Notes:

1. Mr. Ng Man Sun is the substantial shareholder, chairman, chief executive officer and executive Director of the Company.
2. Ms. Xu Ting holds 76% equity interests and Mr. Huang Wei Qiang holds 24% equity interests respectively in Shen Nan (Macao) Investment Co., Ltd.
3. Mr. Patrick Wah Poon holds 50% equity interests and Ms. Ng Wing Ki Kristy holds 50% equity interests respectively in the Vendor.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in investment holdings and investments in high-end niche gaming and entertainment related businesses.

The Directors have been continuously evaluating the current business strategies of the Group with an aim to achieve the best use of its resources and improve its overall performance and diversify investment. Given the rapid growing of the global mobile gaming market, the Board sees huge potential on the mobile games business. Upon Completion, the Company will be able to leverage on its expertise in the gaming and entertainment-related businesses to diversify the business of the Company to capture the enormous potentials under the mobile age.

In addition, the Acquisition does not require material cash outlay as the Consideration is to be satisfied by the allotment and issue of the Consideration Shares.

Based on the above factors, the Board is of the view that the Acquisition is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the proposed acquisition of the Mobile Game Apps from the Vendor by the Purchaser pursuant to the Acquisition Agreement;
“Acquisition Agreement”	the conditional acquisition agreement dated 16 March 2017 entered into between the Vendor and the Purchaser in relation to the Acquisition;
“AGM”	the annual general meeting of the Company held on 9 August 2016;

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	board of Directors;
“Business Day”	a day on which the banks are open for business in Hong Kong (other than Saturday, Sunday and any day on which a tropical cyclone warning No. 8 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 or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon);
“Company”	Amax International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the sale and purchase of the Mobile Game Apps in accordance with the terms and conditions of the Acquisition Agreement;
“Completion Date”	the day on which Completion shall take place (or such later date as the parties shall agree)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Consideration”	HK\$27,000,000 being the consideration for the sale and purchase of the Mobile Game Apps;
“Consideration Shares”	60,000,000 new Shares to be allotted and issued by the Company to the Vendor (or its nominee) upon Completion;
“Director(s)”	director(s) of the Company;
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules;
“Independent Valuer”	International Valuation Limited;
“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”	30 April 2017;
“Mobile Game Apps”	30 offline mobile game apps which cover the areas including but not limited to (i) leisure and entertainment; (ii) education and intellectual; (iii) sport; and (iv) adventures.
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Purchaser”	Digital Zone Global Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of the Company;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the share capital of the Company;

“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Sky Bliss International Limited, a company incorporated in the British Virgin Islands;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

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

Hong Kong, 16 March 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.

APPENDIX I – LETTER FROM CHANCETON CAPITAL PARTNERS LIMITED

The following is the text of a letter from Chanceton Capital Partners Limited, the financial adviser of the Company, in connection with the profit forecast underlying in the Valuation, for the purpose of inclusion in this announcement.



16 March 2017

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

Dear Sirs/Madam,

Re: Discloseable Transaction – Acquisition of 30 mobile game apps (the “Mobile Game Apps”)

We refer to the valuation report dated 9 March 2017 prepared by International Valuation Limited (the “**Independent Valuer**”) in relation to the valuation of the Mobile Game Apps as at 31 January 2017 (the “**Valuation**”). Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as those defined in the announcement (the “**Announcement**”) of Amax International Holdings Limited dated 16 March 2017.

We have reviewed the forecasts upon which the Valuation has been made and have discussed with the management of the Company and the Independent Valuer the information and documents provided by the management of the Company which formed part of the basis and assumptions upon which the profit forecasts have been prepared. We have also considered the report from Elite Partners CPA Limited dated 16 March 2017 as set out in Appendix II to the Announcement regarding the calculations and arithmetical accuracy of the Valuation upon which the profit forecasts have been made. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the Mobile Game Apps may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by the Independent Valuer on the Valuation, for which the Independent Valuer and the Company are responsible, we are of the opinion that the profit forecast upon which the Valuation has been made, for which you as the Directors are solely responsible, have been made after due and careful enquiry by you. Our opinion has been given for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose.

Yours faithfully

For and on behalf of

Chanceton Capital Partners Limited

Cheung Shun Lim Ignatius

Associate Director

APPENDIX II – REPORT FROM ELITE PARTNERS CPA LIMITED

The following is the text of a report from Elite Partners CPA Limited, prepared for the purposes of inclusion in this announcement.



開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

16 March 2017

The Board of Directors

Amax International Holdings Limited

Units 5106-07, 51/F.,

The Center,

99 Queen's Road Central,

Central, Hong Kong

Dear Sirs

Amax International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

Comfort letter on profit forecast underlying the valuation of the acquisition of mobile games from Sky Bliss International Limited (the “Transaction”) in connection with discloseable transaction of the Group

We report on the calculations of the discounted future estimated cash flows on which the valuation (the “**Valuation**”) report dated 9 March 2017 prepared by International Valuation Limited in respect of the Valuation of the Transaction in connection with proposed acquisition of mobile games from Sky Bliss International Limited, as published in the Company's announcement dated 16 March 2017 (the “**Announcement**”). Capitalised terms used in this letter have the same meanings as defined in the Announcement and the announcement of the Company dated 16 March 2017 unless the context otherwise requires.

The Valuation which is determined based on the discounted cash flows and is regarded 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**”).

Respective responsibilities of the directors of the Company and the reporting accountants

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows for the Valuation which is regarded as a profit forecast under Rule 14.62 of the Listing Rules.

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies.

The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to 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 (“**HKICPA**”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Forecast in accordance with the assumptions made by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the Transaction. Accordingly, we do not express an audit opinion.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company.

Yours faithfully

Elite Partners CPA Limited

Certified Public Accountants Hong Kong

Chan Wai Nam, William

Practising Certificate Number P05957