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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)

LOAN CAPITALISATION INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE

On 12 February 2019 (after trading hours of the Stock Exchange), the Company with each of Mr. Wong and Ms. Cheng entered into the Loan Capitalisation Agreement 1 and the Loan Capitalisation Agreement 2 respectively pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue an aggregate of 42,424,242 Loan Capitalisation Shares at the Subscription Price of approximately HK\$0.33 per Loan Capitalisation Shares. The subscription amount payable by each of Mr. Wong and Ms. Cheng under the Loan Capitalisation Agreements shall be satisfied by capitalizing the Promissory Notes.

Assuming that there will be no change in the number of issued share capital between the date of this announcement and Completion, the 42,424,242 Loan Capitalisation Shares, in aggregate represent (i) approximately 4.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.85% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Capitalisation Shares.

The Loan Capitalisation Shares will be allotted and issued under the General Mandate, therefore, the allotment and issue of the Loan Capitalisation Shares is not subject to the approval of the Shareholders.

BACKGROUND OF THE LOAN CAPITALISATION

Following the completion of the acquisition of 100% equity interests in Explicitly Grand Investments Limited on 18 October 2017, the Company issued the Promissory Note 1 and the Promissory Note 2 in an aggregate principal amount of HK\$14,000,000 to Mr. Wong and Ms. Cheng respectively on the same day. The Promissory Notes will be due on 18 October 2019. In light of the tight financial resources available to the Group to meet the Company's repayment obligation when the Promissory Notes fall due, the Company has been negotiating with Mr. Wong and Ms. Cheng on alternative repayment method towards the Promissory Notes.

On 12 February 2019 (after trading hours of the Stock Exchange), the Company with each of Mr. Wong and Ms. Cheng entered into the Loan Capitalisation Agreement 1 and the Loan Capitalisation Agreement 2 respectively pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue an aggregate of 42,424,242 Loan Capitalisation Shares at the Subscription Price of approximately HK\$0.33 per Loan Capitalisation Share. The subscription amount payable by each of Mr. Wong and Ms. Cheng under the Loan Capitalisation Agreements shall be satisfied by capitalizing the Promissory Notes.

Save for the identity of the Subscribers, principal terms of each of the Loan Capitalisation Agreement 1 and the Loan Capitalisation Agreement 2 are the same. Principal terms of the Loan Capitalisation Agreements are set out below.

THE LOAN CAPITALISATION AGREEMENTS

Loan Capitalisation Agreement 1

Date : 12 February 2019 (after trading hours of the Stock Exchange)

Parties : the Company (as issuer); and
Mr. Wong (as subscriber)

As at the date of this announcement, Mr. Wong is interested in 61,330,000 Shares, representing approximately 5.79% of the total issued share capital of the Company. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Mr. Wong is an Independent Third Party.

In consideration of Mr. Wong agreeing to capitalize the Promissory Note 1 in the principal amount of HK\$7,000,000, the Company conditionally agreed to allot and issue, and Mr. Wong conditionally agreed to subscribe for 21,212,121 Loan Capitalisation Shares at the Subscription Price of approximately HK\$0.33 per Loan Capitalisation Share. Upon Completion, Mr. Wong shall return the Promissory Note 1 to the Company for cancellation.

Loan Capitalisation Agreement 2

Date : 12 February 2019 (after trading hours of the Stock Exchange)

Parties : the Company (as issuer); and
Ms. Cheng (as subscriber)

As at the date of this announcement, Ms. Cheng is interested in 75,000,000 Shares, representing approximately 7.07% of the total issued share capital of the Company. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Ms. Cheng is an Independent Third Party.

In consideration of Ms. Cheng agreeing to capitalize the Promissory Note 2 in the principal amount of HK\$7,000,000, the Company conditionally agreed to allot and issue, and Ms. Cheng conditionally agreed to subscribe for 21,212,121 Loan Capitalisation Shares at the Subscription Price of approximately HK\$0.33 per Loan Capitalisation Share. Upon Completion, Ms. Cheng shall return the Promissory Note 2 to the Company for cancellation.

Loan Capitalisation Shares

Assuming that there will be no change in the number of issued share capital of the Company between the date of this announcement and Completion, the Loan Capitalisation Shares, in aggregate represent:

- (i) approximately 4.00% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 3.85% of the issued share capital of the Company as enlarged by the allotment and issue of the Loan Capitalisation Shares.

Subscription Price

The subscription price of approximately HK\$0.33 per Loan Capitalisation Share represents:

- (i) a premium of approximately 108.86% over the closing price of HK\$0.158 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (ii) a premium of approximately 110.19% over the average closing price of HK\$0.157 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of this announcement.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscribers with reference to the prevailing market prices of the Shares and the then issue price of the consideration shares of the Acquisition of HK\$0.33 per Share. The Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Loan Capitalisation Shares

The Loan Capitalisation Shares when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of their allotment and issue.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Loan Capitalisation Shares.

Conditions precedent

Completion is conditional upon fulfillment of the following conditions:

- (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the Loan Capitalisation Shares and such approval and permission having not subsequently been revoked prior to the commencement of dealings in the Loan Capitalisation Shares on the Stock Exchange;
- (ii) the allotment, issue and subscription of the Loan Capitalisation Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Loan Capitalisation Agreement by any legislative, executive or regulatory body or authority (including the Stock Exchange and the Securities and Futures Commission) which is applicable to the Company; and
- (iii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Loan Capitalisation Agreements and the transactions contemplated thereby having been obtained.

None of the above-mentioned conditions is waivable. If any of the above-mentioned conditions are not fulfilled on or before 26 February 2019 (or such other time and date as the parties shall agree in writing), any party to the Loan Capitalisation Agreements may, at any time thereafter, terminate the Loan Capitalisation Agreements by notice in writing to the other party, whereupon the obligations of the parties under the Loan Capitalisation Agreements shall forthwith cease and terminate and neither the Company nor each of the Subscribers shall have any claim against the other party, save for any antecedent breach thereof.

Completion

Completion shall take place on the day following the fifth Business Day after the fulfillment of the conditions precedent (or such other date to be agreed by the parties).

REASONS FOR THE LOAN CAPITALISATION

The principal activities of the Company are operating the gaming business in Asia Pacific, running the VIP gaming tables related operation and slot machines related operation, and the development of innovative intellectual properties and technological solutions in connection with mobile games apps development and AR/VR applications to clients.

The Directors consider that the Loan Capitalisation will allow the Company to early settle the Promissory Notes without utilising existing financial resources of the Company while reducing the gearing level of the Group and hence strengthening the financial position of the Group.

In view of the above, the Directors consider that the terms of the Loan Capitalisation Agreements are fair and reasonable and the entering into of the Loan Capitalisation Agreements is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summaries the capital raising activity of the Company for the twelve months immediately before the date of this announcement:

Date of initial announcement	Description	Net proceeds	Intended use of proceeds
24 July 2018	Placing of existing Shares and top-up subscription of new Shares	Approximately HK\$9.09 million	General working capital and repayment of other borrowings of the Group

Actual use of proceeds as at the date of this announcement:

Items	HK\$ (million)
Staff salaries and Directors fees	0.47
Rental and operating expenses	0.70
Legal and professional fees	0.42
Repayment of other borrowings	7.50
Total	9.09

GENERAL MANDATE TO ISSUE THE LOAN CAPITALISATION SHARES

The allotment and issue of the Loan Capitalisation Shares is not subject to further Shareholders' approval. The Loan Capitalisation Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM, subject to the limit of 170,906,007 Shares (representing 20% of the number of Shares in issue on the date which the General Mandate was granted). Up to the date of this announcement, the General Mandate has yet to be utilised. The 42,424,242 Loan Capitalisation Shares to be allotted and issued will utilise approximately 24.82% of the General Mandate.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after Completion (assuming there will be no other change in the issued share capital of the Company other than the allotment and issue of the Loan Capitalisation Shares):

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Ng Man Sun (<i>Note 1</i>)	225,801,959	21.30	225,801,959	20.48
Ms. Cheng	75,000,000	7.07	96,212,121	8.73
Mr. Wong	61,330,000	5.79	82,542,121	7.49
Other public Shareholders	697,919,413	65.84	697,919,413	63.30
Total	<u>1,060,051,372</u>	<u>100</u>	<u>1,102,475,614</u>	<u>100</u>

Note(s):

1. Mr. Ng Man Sun is the chairman, chief executive officer and executive Director of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of 100% equity interests in Explicitly Grand Investments Limited on 18 October 2017;
“AGM”	the annual general meeting of the Company held on 30 August 2018;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong;
“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 Loan Capitalisation in accordance with the terms and conditions of the Loan Capitalisation Agreements;
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules;
“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 Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (has the meaning ascribed to it in the Listing Rules);
“Listing Committee”	has the meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Capitalisation”	the allotment and issue of an aggregate of 42,424,242 Loan Capitalisation Shares at the subscription price of approximately HK\$0.33 per Loan Capitalisation Share to settle the Promissory Notes pursuant to the terms and conditions of the Loan Capitalisation Agreements;
“Loan Capitalisation Agreements”	the Loan Capitalisation Agreement 1 and the Loan Capitalisation Agreement 2;

“Loan Capitalisation Agreement 1”	the loan capitalisation agreement dated 12 February 2019 entered into between the Company and Mr. Wong in respect of the Loan Capitalisation;
“Loan Capitalisation Agreement 2”	the loan capitalisation agreement dated 12 February 2019 entered into between the Company and Ms. Cheng in respect of the Loan Capitalisation;
“Loan Capitalisation Shares”	an aggregate of 42,424,242 new Shares to be allotted and issued to the Subscribers pursuant to the terms and conditions of the Loan Capitalisation Agreements;
“Mr. Wong”	Mr. Wong Kam Wah;
“Ms. Cheng”	Ms. Cheng Wai Man;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Promissory Notes”	Promissory Notes 1 and Promissory Notes 2;
“Promissory Note 1”	the 24-months zero-coupon promissory notes in the principal amount of HK\$7,000,000 issued by the Company to Mr. Wong on 18 October 2017 upon completion of the Acquisition;
“Promissory Note 2”	the 24-months zero-coupon promissory notes in the principal amount of HK\$7,000,000 issued by the Company to Ms. Cheng on 18 October 2017 upon completion of the Acquisition;
“Share(s)”	ordinary share(s) of HK\$0.20 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	Mr. Wong and Ms. Cheng;

“Subscription Price”	the issue price of approximately HK\$0.33 per Loan Capitalisation Share for the Loan Capitalisation;
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong; and
“%” or “per cent.”	percentage or per centum.

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

Hong Kong, 12 February 2019

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.