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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)

- (1) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE LEASE AGREEMENT;**
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ASSIGNMENT OF GAMING TABLE BUSINESS RIGHTS IN CAMBODIA;
(3) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE GROUP'S ENTIRE EQUITY INTERESTS IN FORENZIA ENTERPRISES LIMITED
AND (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

THE LEASE AGREEMENT AND THE ASSIGNMENT AGREEMENT

The Board is pleased to announce that on 28 October 2019 (after trading hours of the Stock Exchange), VMG, a wholly-owned subsidiary of the Company and Lion King entered into:

1. the Lease Agreement pursuant to which Lion King has conditionally agreed to lease and VMG has conditionally agreed to take up a lease of the Gaming Tables for a period commencing from the Lease Commencement Date and ending on 30 September 2020 at a monthly rental of HK\$1,200,000; and
2. the Assignment Agreement pursuant to which Lion King has conditionally agreed to assign the Gaming Table Business Rights to VMG and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights for a period of five (5) years commencing from Assignment Commencement Date at the Consideration of HK\$120 million. The Consideration shall be payable by VMG by way of disposing of the Sale Shares and procure the Company to issue the Promissory Note, to Lion King.

IMPLICATIONS UNDER THE LISTING RULES

The lease under the Lease Agreement

As at the date of this announcement, Lion King is wholly-owned by Mr. Ng who is an executive Director, Chairman, Chief Executive Officer of the Company and a Shareholder holding 355,801,959 Shares together with his associates, representing approximately 27.74% of the total issued share capital of the Company. Accordingly, Lion King is regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

Having assessed the accounting treatment of the Lease Agreement, in particular, accounting impact under HKFRS 16 “Leases” which came into effect on 1 January 2019, the Company is of the view that due to the short leasing term of the Leasing Agreement which is equal to or less than 12 months, the accounting requirement under HKFRS 16 to require the lessee to recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of financial position does not apply to the Group and therefore, the transactions contemplated under the Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules for the transactions contemplated under the Lease Agreement, on an annual basis, are less than 25% and the annual cap is less than HK\$10,000,000, the transactions contemplated under the Lease Agreement is subject to reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent Shareholders’ approval requirements.

The Assignment

The transactions contemplated under the Assignment Agreement involve (i) the Assignment; and (ii) the Disposal. Pursuant to Rule 14.24 of the Listing Rules, since the transactions involve both acquisition and disposal, the transactions are classified by reference to the larger of the Assignment or the Disposal.

As the highest of the applicable percentage ratios in respect of the Assignment exceeds 25% and is lower than 100% while the highest of the applicable percentage ratios in respect of the Disposal exceeds 25% and is lower than 75%, the transactions contemplated under the Assignment Agreement constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders’ approval requirements.

As Lion King (being the assignor to the Assignment Agreement) is regarded as a connected person of the Company under Chapter 14A of the Listing Rules as mentioned above, the transactions contemplated under the Assignment Agreement also constitutes a connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed pursuant to the Listing Rules to advise the Independent Shareholders on the Assignment Agreement and the transactions contemplated thereunder. In this connection, Lego Corporate Finance Limited has been appointed with the approval of the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Assignment Agreement and the transactions contemplated thereunder are fair and reasonable, and to make recommendation(s) on voting.

THE SGM

A SGM will be convened for the purpose of, among other things, considering, and if thought fit, approving the Assignment Agreement and the transactions contemplated thereunder by the Independent Shareholders. A circular containing, among other things, (i) further information on the Assignment and the Disposal; (ii) recommendation of the Independent Board Committee; (iii) letter of advice from the Independent Financial Adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy will be despatched to the Shareholders on or before 18 November 2019.

As commencement of the Assignment Agreement is subject to the fulfilment (or waiver, as the case may be) of a number of conditions (which are detailed in this announcement), the Assignment may or may not commence. Shareholders and potential investors should exercise caution when dealing in the Shares.

The Company confirms that, based on Cambodia legal advice obtained by the Company, the Gaming Table Business is lawful in Cambodia. The Company has also been advised that the Gaming Table Business and the transactions contemplated thereunder conducted in Cambodia do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong). Shareholders and potential investors of the Company should note that, pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange, the Stock Exchange may direct the Company to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the Company's securities pursuant to Rule 6.01 of the Listing Rules if the operation of the proposed Gaming Table Business fails to comply with applicable laws in Cambodia and/or contravenes the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

INTRODUCTION

The Board is pleased to announce that on 28 October 2019 (after trading hours of the Stock Exchange), VMG, a wholly-owned subsidiary of the Company and Lion King entered into:

1. the Lease Agreement pursuant to which Lion King has conditionally agreed to lease and VMG has conditionally agreed to take up a lease of the Gaming Tables for a period commencing from the Lease Commencement Date and ending on 30 September 2020 at a monthly rental of HK\$1,200,000; and
2. the Assignment Agreement pursuant to which Lion King has conditionally agreed to assign the Gaming Table Business Rights to VMG and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights for a period of five (5) years commencing from Assignment Commencement Date at the Consideration of HK\$120 million. The Consideration shall be payable by VMG by way of disposing of the Sale Shares and procure the Company to issue the Promissory Note, to Lion King.

THE LEASE AGREEMENT

Date

28 October 2019 (after trading hours of the Stock Exchange)

Parties

- (i) Lion King Entertainment Company Limited (as the lessor); and
- (ii) Victor Mind Global Limited (as the lessee)

As at the date of this announcement, Lion King is wholly-owned by Mr. Ng who is an executive Director, Chairman and the Chief Executive Officer of the Company. Mr. Ng is also a substantial Shareholder who is interested in 355,801,959 Shares, representing approximately 27.74% of the total issued share capital of the Company. Mr. Ng is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Lease term

Pursuant to the Lease Agreement, Lion King shall lease the Gaming Tables to VMG for a period commencing from the Lease Commencement Date and ending on 30 September 2020.

Rent

The rent shall be HK\$1,200,000 per month and shall be payable by VMG to Lion King on the 1st day of each month during the Lease term.

The rent charged under the Lease Agreement was determined principally by arm's length commercial negotiations by both parties with reference to the rent currently charged by Lion King to other independent participants in the Casino.

Termination

The Lease Agreement shall be terminated upon the occurrence of the earliest of any of the following events:

- (a) expiry of the Lease Agreement;
- (b) at any time by mutual consent of the Parties, provided that such consent to terminate is in writing and is signed by each of the Parties; or
- (c) breach of any terms and conditions herein contained in the Lease Agreement by either party, and the party not in default may by notice terminate the Lease Agreement and shall not then have any liability hereunder.

Lease Commencement

Lease Commencement shall be conditional upon fulfilment of the following:

- (a) completion by VMG of the legal and financial due diligence review and VMG being reasonably satisfied with such review;
- (b) the obtaining by VMG 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 Lease Agreement which may be required by the relevant approval authorities in Cambodia, if any; and
- (c) VMG being reasonably satisfied that all warranties by Lion King will remain true and correct and there being no material adverse change as at the Lease Commencement Date.

Pursuant to the Lease Agreement, upon Lease Commencement, Lion King shall be solely responsible for the operation and management of the Gaming Tables in accordance with the execution plan mutually formulated and agreed between VMG and Lion King and VMG shall be responsible for the costs of operation and management of the Gaming Tables including but not limited to any tax payable on the bets wagered at or operation of the Gaming Tables, the costs of recruiting employees to serve at the Gaming Tables, and the costs of meals and refreshments served to guests. Lion King shall obtain approval from VMG before entering into any contract for the operation and management of the Gaming Tables including but not limited to employment contracts. Lion King shall also submit, 15 days before the commencement of the following month, monthly cost budget

on the operation and management of the Gaming Tables for the following month to VMG for review and approval. The Group shall be entitled to 100% house win winnings and responsible for 100% house losses.

Annual cap

The annual caps for the lease payable by VMG to Lion King under the Lease Agreement for each of the financial year ending 31 March 2020 and 31 March 2021, based on the assumption that the Lease Commencement Date is on 1 November 2019, is as follows:

	For the year ending 31 March 2020	For the year ending 31 March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Annual cap	6,000	7,200

The annual caps were determined based on (i) the terms and conditions as set out under the Lease Agreement; and (ii) the Lease Commencement Date which shall fall on 1 November 2019.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Lion King is wholly-owned by Mr. Ng who is an executive Director, Chairman, Chief Executive Officer of the Company and a Shareholder holding 355,801,959 Shares together with his associates, representing approximately 27.74% of the total issued share capital of the Company. Accordingly, Lion King is regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

Having assessed the accounting treatment of the Lease Agreement, in particular, accounting impact under HKFRS 16 “Leases” which came into effect on 1 January 2019, the Company is of the view that due to the short leasing term of the Leasing Agreement which is equal to or less than 12 months, the accounting requirement under HKFRS 16 to require the lessee to recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of financial position does not apply to the Group and therefore, the transactions contemplated under the Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules for the transactions contemplated under the Lease Agreement, on an annual basis, are less than 25% and the annual cap is less than HK\$10,000,000, the transactions contemplated under the Lease Agreement is subject to reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent Shareholders’ approval requirements.

Given that Ms. Ng Wai Yee, being an executive Director and daughter of Mr. Ng, is an associate of Mr. Ng, therefore, both Mr. Ng and Ms. Ng Wai Yee have abstained from voting in the Board meeting in which the Lease Agreement and the respective transactions contemplated thereunder were approved.

THE ASSIGNMENT AGREEMENT

Date

28 October 2019 (after trading hours of the Stock Exchange)

Parties

- (i) Victor Mind Global Limited (as the assignee)
- (ii) Lion King Entertainment Company Limited (as the assignor); and
- (iii) Mr. Ng Man Sun (as the Guarantor)

As at the date of this announcement, Lion King is wholly-owned by Mr. Ng who is an executive Director, Chairman and the Chief Executive Officer of the Company. Mr. Ng is also a substantial Shareholder who is interested in 355,801,959 Shares, representing approximately 27.74% of the total issued share capital of the Company. Mr. Ng is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Subject matter

Pursuant to the Assignment Agreement, Lion King has conditionally agreed to assign and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights at the Consideration of HK\$120 million. The Consideration shall be payable by VMG by way of a combination of disposing of the Sale Shares and procure the Company to issue the Promissory Note, to Lion King.

Consideration

The consideration for the Assignment is HK\$120 million, which shall be satisfied by VMG in the following manner:

- (a) as to HK\$58,000,000 by way of disposing of the Sale Shares, representing 60% of the total issued and paid up capital of Forenzia Enterprises Limited upon Assignment Commencement; and
- (b) the balance of HK\$62,000,000 by way of procuring the Company to issue the Promissory Note upon Assignment Commencement.

Guaranteed Profits

Pursuant to the Assignment Agreement, Lion King and the Guarantor unconditionally and irrevocably guaranteed to VMG that the audited net profit after tax of the Gaming Table Business for the 12-month period after Assignment Commencement (the “**First 12-month Period**”) (the “**First Actual Profit**”) and for the 12-month period immediately following the expiry of the First 12-month Period (the “**Second Actual Profit**”) shall be not less than HK\$28,000,000 (the “**First Guaranteed Profit**”) and HK\$32,000,000 (the “**Second Guaranteed Profit**”) respectively. (collectively, the “**Guaranteed Profits**”).

The First Guaranteed Profit

In the event that the First Actual Profit failed to meet the First Guaranteed Profit, Lion King and the Guarantor shall indemnify VMG the First Compensation Amount (as defined below) by deducting the First Compensation Amount in the following order of priority:

- (i). by reducing the principal amount of the Promissory Note in the sum equal to such First Compensation Amount; and
- (ii). in the event that the principal amount of the Promissory Note is not sufficient to meet the First Compensation Amount, by way of cash as to the remaining balance subject to a maximum limit of HK\$56,000,000.

The First Compensation Amount shall be determined in accordance with the formula below:

$$\text{the “First Compensation Amount”} = \frac{(\text{the First Guaranteed Profit} - \text{the First Actual Profit}) \times 2}{2}$$

The Second Guaranteed Profit

In the event that the Second Actual Profit failed to meet the Second Guaranteed Profit, Lion King and the Guarantor shall indemnify VMG the Second Compensation Amount (as defined below) by deducting the Second Compensation Amount in the following order of priority:

- (i). by reducing the principal amount of the Promissory Note in the sum equal to such Second Compensation Amount; and
- (ii). in the event that the principal amount of the Promissory Note is not sufficient to meet the Second Compensation Amount, by way of cash as to the remaining balance subject to a maximum limit of HK\$64,000,000.

The Second Compensation Amount shall be determined in accordance with the formula below:

$$\text{the "Second Compensation Amount"} = \frac{\text{(the Second Guaranteed Profit - the Second Actual Profit)} \times 2}{2}$$

The Company would like to emphasize that in the event the net profit after tax of the Gaming Table Business for the relevant guarantee period exceeds the Guaranteed Profits, the Consideration shall not be adjusted.

Basis of Consideration of the Assignment and the Disposal

Basis of consideration of the Assignment

The Consideration was determined after arm's length negotiations between the parties to the Assignment Agreement with reference to, among other things, (i) the Guaranteed Profits; (ii) the reasons for and benefits of the Assignment as stated under the paragraph headed "Reasons for and Benefits of Entering into of the Lease Agreement and the Assignment Agreement" in this announcement; and (iii) the preliminary appraised value of the Gaming Table Business of HK\$126 million as at 30 September 2019 prepared by the Independent Valuer.

The valuation was prepared on a discounted cash flow basis under the income approach. Pursuant to Rule 14.61 of the Listing Rules, any valuation based on discounted cash flows will be regarded as a profit forecast. The Company will comply with the requirements of Rules 14.60A and 14.62 of the Listing Rules by way of a supplemental announcement or circular (as the case may be). The Company will also include the valuation report of the Gaming Table Business in the circular to be despatched to the Shareholders within 15 Business Days after the publication of this announcement.

Taking into account the above-mentioned, the Directors (excluding the independent non-executive Directors) consider that the Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Assignment Agreement is in the interests of the Company and the Shareholders as a whole.

Basis of consideration of the Disposal

The Disposal Consideration was determined after arm's length negotiations between the parties to the Assignment Agreement with reference to, among other things, (i) the preliminary appraised value of Forenzia Enterprises Group of HK\$46,000,000 as at 30 September 2019 prepared by the Independent Valuer adopting income approach; (ii) the unaudited consolidated net liabilities of Forenzia Enterprises Group of HK\$22,754,113 as at 31 March 2019; and (iii) the carrying value of the Vanuatu Gaming License of HK\$56,766,896 as at 30 September 2019.

Taking into account the above-mentioned, the Directors (excluding the independent non-executive Directors) consider that the Disposal Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Assignment Agreement is in the interests of the Company and the Shareholders as a whole.

The Promissory Note

The terms of the Promissory Note has been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer: The Company

Principal Amount: HK\$62,000,000

Interest: The Promissory Note will not carry any interest.

Maturity: A fixed term of 30 months from the date of issue of the Promissory Note.

Early repayment: VMG could, at its option, early repay the Promissory Note with outstanding interest accrued thereon in whole or in part in integral multiples of principal amount of HK\$1 million by giving a prior 3 Business Days' written notice to Lion King.

Transferability: provided that the holder of the Promissory Note has given to the issuer of not less than five Business Days' prior notice in writing of its intention to transfer or assign the Promissory Note, the Promissory Note is freely transferable and assignable in whole to any person other than a connected person of the Company.

Conditions precedent

Assignment Commencement is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (a) completion by VMG of the legal and financial due diligence review and VMG being reasonably satisfied with such review;
- (b) the obtaining by VMG 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 Assignment Agreement which may be required by the approval authorities including the approval of the Independent Shareholders at the SGM in respect of the Assignment Agreement;
- (c) VMG being reasonably satisfied that all warranties will remain true and correct and there being no material adverse change as at the Assignment Commencement Date;

- (d) VMG having obtained a legal opinion from qualified lawyers practicing in Cambodia in the form satisfactory to VMG confirming the legality and validity of the Gaming Licence; the legality, validity and enforceability of the Casino Lease and Operation Agreement and the Assignment;
- (e) VMG having obtained a valuation report on the value of the Gaming Table Business from an independent valuer acceptable in the form reasonably satisfactory to VMG;
- (f) The passing of the ordinary resolution(s) at the SGM by the Independent Shareholders to approve the terms of the Assignment Agreement and the transactions contemplated thereunder; and
- (g) Lion King having obtained the Gaming Licence to operate and manage the Casino and the Casino having commenced business.

VMG may waive all or any of the conditions (except (b), (d), (e), (f) & (g)) at any time before the Long Stop Date by notice in writing to Lion King. 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 Assignment Agreement shall be terminated and have no effect and neither party shall then have any liability.

Assignment Commencement

Assignment Commencement shall take place on or before the third Business Day after all conditions precedent to the Assignment Agreement have been satisfied or waived by VMG (or such other time and date as the parties to the Assignment Agreement may agree in writing).

Upon Assignment Commencement, the Company will have the rights to operate the Gaming Tables at the Casino and will entitle to all future economic benefits contributed from the Gaming Table Business. On the other hand, the Company will cease to have any equity interest in Forenzia Enterprises Limited and its financial results will no longer be consolidated into the financial statements of the Company.

INFORMATION ON THE CASINO AND THE GAMING TABLE BUSINESS

The Casino

The Casino is situated at the first and second floor of the Sunshine Bay Hotel (海納天酒店) at Village 1, Commune No. 3, Mittaphea Town, Shihanoukville Municipal, Cambodia with total GFA of 8,100 sq.m. As at the date of this announcement, the Casino has obtained a valid casino license issued by Ministry of Economy and Finance of Cambodia and commenced operation on 9 October 2019.

Lion King has entered into the Casino Lease and Operation Agreement with the landlord and the hotel operator (who are Independent Third Parties) pursuant to which all parties agreed to lease to Lion King the Casino and certain prescribed areas situated at the fourth and fifth floor of the Sunshine Bay Hotel with total GFA of 2,586 sq.m for use as office, restaurant and other entertainment functions, for a term from 1 October 2018 to 30 September 2038.

Pursuant to the terms of the Casino Lease and Operation Agreement, Lion King was allowed to operate the Casino and launch various kinds of games subject to compliance with the provision under the Gaming License.

The Casino has obtained a valid casino license issued by Ministry of Economy and Finance of Cambodia and commenced operation on 9 October 2019. According to Lion King, the total investment sum incurred/to be incurred by Lion King in connection with the decoration and grand opening of the Casino is estimated to be approximately US\$38,000,000.

The Gaming Table Business

Business model, roles of the Group and Lion King in the Gaming Table Business

The Gaming Tables will be located at the mass market area of the Casino. The gaming activities of the Gaming Table Business will take place only in Cambodia and outside Hong Kong. The bookmaking transactions and parties to the transaction will be only in Cambodia and outside Hong Kong.

The Group will mainly launch baccarat on the Gaming Tables. The Group shall be entitled to 100% house win winnings and responsible for 100% house losses while shall bear associate staff costs incurred and tax associate with the Gaming Table Business.

Pursuant to the Assignment Agreement, Lion King shall:

- (a) be solely responsible for the operation and management of the Gaming Tables;
- (b) ensure that games played at the Gaming Tables are conducted in an orderly manner, without involvement of any fraud, and in accordance with any applicable house or casino rules of the Casino;
- (c) ensure all disputes with guests playing games at the Gaming Tables shall be resolved without adverse effect to the reputation of the Casino;
- (d) ensure that no damage or loss shall be caused to any part of the Casino (including furniture and decoration, chips on the Gaming Tables) in connection with or arising from the conduct of the Gaming Tables, and if there shall be any such damage or loss, to be solely responsible for the costs of repair and making good of such damage or loss; and

Pursuant to the Assignment Agreement, Lion King has undertaken VMG that:

- (a) it will keep the Casino in good condition that allow VMG to run the Gaming Table Business in a proper manner;
- (b) it will provide all necessary utilities, equipment and facilities, etc that allow VMG to run the Gaming Table Business in a proper manner which shall include but not limited to gaming tables and furniture, renovations, card shoes, play cards, chips, IT system and CCTV system;
- (c) it will comply in all respects with the relevant anti-money laundering and combating financing of terrorism legislation of Cambodia and will develop and implement proper internal control and reporting systems in the Casino including the Gaming Table Business;
- (d) it will provide VMG all financial and non-financial data in relation to the Gaming Table Business on a regular basis or upon VMG's request;
- (e) it will bear all tax payable arising from the Gaming Table Business; and
- (f) it will renew the Gaming Licence on an annual basis.

Pursuant to the Assignment Agreement, VMG shall:

- (a) be solely responsible for the costs of operation and management of the Gaming Tables (including but not limited to any tax payable on the bets wagered at or operation of the Gaming Tables, the costs of engaging employees to serve at the Gaming Tables, and the costs of meals and refreshments served to such guests);
- (b) to reimburse Lion King the winnings that shall be paid to guests winning games at the Gaming Tables; and
- (c) subject to the payments and deductions as mentioned in (a) and (b) above, be entitled to retain all the loss of guests playing games at the Gaming Tables.

Internal Controls on Anti-Money Laundering

It is understood that a foreign company which is registered and runs its business in Cambodia in relation to the casino sector or type of some other relevant business shall abide by Cambodia's laws, policies and implementation framework as well as international standards which Cambodia has declared the acceptance of implementation of as a member. As VMG is a foreign company and plays no part in the operation and management of the Gaming Tables, it is not necessary to registered in Cambodia and AML requirements of Cambodia do not officially apply to VMG. However, it will be applied by Law on Anti-Money Laundering and Combating the Financing of Terrorism in general.

The Group will adopt the AML policies and procedures currently in use by the Group in respect of anti-money laundering, measures covered by the AML policies and procedures include, but not limited to:

- (i). to verify individuals' identities and keep proper records on the players;
- (ii). to record any bets, single or aggregated, over a certain amount and the parties involved; and
- (iii). to report suspicious irregularities to relevant authorities, which the Group will monitor the operation of the Gaming Tables to identify any suspicious irregularities and report to the Casino and relevant authorities immediately.

The Group will also develop comprehensive procedures for the Gaming Table Business's 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 Group will conduct internal control review on the internal systems and procedures and anti-money laundry mechanism of the Gaming Tables on a regular basis.

RISK RELATING TO THE GAMING TABLE BUSINESS, OPERATIONS AND THE GAMING INDUSTRY IN CAMBODIA

The winnings of our players could exceed the Gaming Table Business's winnings

Revenue of the Gaming Table Business are mainly derived from the difference between the Gaming Table Business's winnings and the winnings of its players. Since there is an inherent element of chance in the gaming industry, the Gaming Table Business does not have full control over the Gaming Table Business's winnings or the winnings of its players. If the Gaming Table Business's 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 Gaming Table Business's 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 Gaming Table Business'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 Gaming Table Business's win rates, and our business, financial condition and results of operations could be materially and adversely affected.

Social and economic conditions, travelling restrictions and currency exchange control in the PRC may be subject to uncertainties

As PRC customers are expected to be the Gaming Table Business's major patrons, changes in economic and social conditions and/or measures implemented by the PRC government, including but not limited to, additional travelling barriers or changes in currency exchange controls will impede the inflow of PRC tourists to Cambodia. It is unclear whether these and other measures will continue to be in effect, or become more restrictive, in the future. Any reduction in visitors from the PRC as a result of the aforementioned measures or otherwise, would have a material impact on our business.

No direct operating history

The Casino commenced operation on 9 October 2019, therefore, it may be difficult for the Gaming Table Business to prepare for and respond to the significant business, economic, regulatory and competitive uncertainties and contingencies frequently encountered by new businesses in competitive environments compared to a company with a longer operating history. If these risks are not managed successfully, it could have a material and adverse effect on the results of operations, financial performance and business of the Gaming Table Business.

Conducting business in Cambodia involves certain economic and political risks

Conducting business in Cambodia involves certain economic and political risks. Changes in Cambodia's political, economic and social conditions will affect the business operating environment in Cambodia's economy. Other factors which may affect business operation in Cambodia include but not limited to governmental policies, changes in Cambodia laws or regulations, changes in exchange control regulations, potential restrictions on foreign investment and repatriation of capital, and travelling policies.

The Gaming Table Business 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 Gaming Tables

Based on the experience of the management of the Group, the Gaming Table Business will implement anti-money laundering policies in compliance with all applicable laws and regulations in Cambodia. However, the Gaming Table Business cannot assure such policies will be effectively carried out by responsible personnel in order to prevent the 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 Gaming Table Business, 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 operations.

The Gaming Table 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 Gaming Table Business 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 Gaming Table Business offer, imposed practical limits on pricing and materially and adversely affected our business, financial condition and results of operations and could affect the Gaming Table Business's liquidity position.

LEGAL OPINION AND REGULATORY ENVIRONMENT

At Assignment Commencement, the Group will commence the Gaming Table Business in Cambodia. Pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange, the Stock Exchange may direct the Company to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the Company's securities pursuant to Rule 6.01 of the Listing Rules if the operation of the proposed Gaming Table Business fails to comply with applicable laws in Cambodia and/or contravenes the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

Based on the legal opinions from qualified lawyers in Cambodia, the gaming activities under the Gaming Table Business do not violate any applicable laws in Cambodia. The Company has also been advised by Hong Kong legal adviser that the Gaming Table Business and the transactions contemplated thereunder conducted in Cambodia do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

INFORMATION ON FORENZIA ENTERPRISES GROUP

Forenzia Enterprises Limited

Forenzia Enterprises Limited is an investment holding company incorporated in BVI and is owned as to 60% by the Company. Save and except for the 100% equity interest in Lion King Gaming Limited and Chartreuse Holdings Limited, Forenzia Enterprises Limited has no other material assets and liabilities as at the date of the Assignment Agreement.

Lion King Gaming Limited

Lion King Gaming Limited is an investment holding company incorporated in Vanuatu and is wholly-owned by the Forenzia Enterprises Limited. Save and except for the 100% equity interest in Chartreuse Holdings Limited, Lion King Gaming Limited has no other material assets and liabilities as at the date of the Assignment Agreement.

Chartreuse Holdings Limited

Chartreuse Holdings Limited is a company incorporated in Vanuatu with limited liability. As at the date of the Assignment Agreement, Chartreuse Holdings Limited holds the Vanuatu Gaming Licence.

Under the Vanuatu Gaming License, the Forenzia Enterprises 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 unaudited financial information of Forenzia Enterprises Group for each of the two years ended 31 March 2018 and 2019 are as follows:

	For the year ended	
	31 March 2018	31 March 2019
	<i>Approx.</i>	<i>Approx.</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss) before tax	(3,396)	(591)
(Loss) after tax	(3,396)	(591)

Unaudited net liabilities of the Forenzia Enterprises Group as at 31 March 2019 was HK\$22,754,113.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LEASE AGREEMENT AND THE ASSIGNMENT AGREEMENT

The principal activities of the Company are engaging in the gaming business in Asia Pacific and the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients. Given the recent economic downturn in the Asia Pacific regions, the Group is actively exploring investment opportunities in order to diversify its source of income and expand its gaming business.

The Company has been re-visiting the performances of its existing business from time to time. It has been a key focus of the Group to explore business opportunity in Cambodia as the Company sees potential to develop its gaming business in Cambodia, in particular, at Shihanoukville Municipal where there has been experiencing obvious growth in terms of tourism and foreign investment.

Given the more advantageous ASEAN countries (in terms of investment environment and geographical locations) begin to value and accelerate the development of tourism and gambling industry, the Company expects that market conditions of gambling industry in Vanuatu will remain volatile in the long run. The Disposal represents an opportunity for the Company to divest its investment in gaming business in Vanuatu and concentrate on its business focus in Cambodia.

The Company sees attractive potential in the gaming market in Shihanoukville Municipal and would like to commence its business operation in the Casino as soon as practicable. The entering into of the Lease Agreement was a result of the commercial negotiations between the Group and the Lion King allowing the Group to commence its gaming business operation immediately upon the grand opening of the Casino so as to allow the Group to get familiar with the business environment of Shihanoukville Municipal's gaming market and the Casino and to enjoy any contribution from the Gaming Table Business as early as possible given that it may take several months to fulfill all conditions precedent to the Assignment Agreement and commencement of the Assignment.

Having considered the above, the Directors (excluding the independent non-executive Directors) consider that the terms of the Lease Agreement and the Assignment Agreement are fair and reasonable, and that although the entering into of each of the Lease Agreement and the Assignment Agreement is not in the ordinary and usual course of business of the Group, it is on normal commercial terms or better (as far as the Company is concerned) and in the interests of the Group and its shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Following the Assignment Commencement, the Group will record a gain on the Disposal of approximately HK\$23.99 million, taking into account of (i) the Disposal Consideration; (ii) the carrying value of the Vanuatu Gaming License of HK\$56,766,896 as at 30 September 2019; and (iii) the unaudited net liabilities of Forenzia Enterprises Group of HK\$22,754,113 as at 31 March 2019. Upon Assignment Commencement, the Forenzia Enterprises Group will cease to become subsidiaries of the Company. It should be noted that the actual gain or loss on the Disposal to be recorded by the Group will depend on the carrying value of the Gaming License and the financial position of the Forenzia Enterprises Group at the Assignment Commencement Date and therefore may be different from the amount mentioned above. As the consideration of the Disposal forms part of the Consideration for the Assignment, there will be no cash proceed from the Disposal.

IMPLICATIONS UNDER THE LISTING RULES

The transactions contemplated under the Assignment Agreement involves (i) the Assignment; and (ii) the Disposal. Pursuant to Rule 14.24 of the Listing Rules, since the transactions involves both acquisition and disposal, the transaction is classified by reference to the larger of the Assignment or the Disposal. As the highest of the applicable percentage ratios in respect of the Assignment exceeds 25% and is lower than 100% while the highest of the applicable percentage ratios in respect of the Disposal exceeds 25% and is lower than 75%, the transactions constitute a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

As at the date of this announcement, Lion King is wholly-owned by Mr. Ng Man Sun, who is an executive Director, Chairman, Chief Executive Officer of the Company and a substantial Shareholder. Therefore, Lion King is a connected person of the Company. The transactions contemplated under the Assignment Agreement also constitutes a connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements.

Given that Mr. Ng has material interest in the Assignment Agreement, Mr. Ng, Ms Ng Wai Yee (being Mr. Ng's daughter) and their respectively associates are therefore required to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Assignment Agreement and the transactions contemplated thereunder.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed pursuant to the Listing Rules to advise the Independent Shareholders on the Assignment Agreement and the transactions contemplated thereunder. In this connection, Lego Corporate Finance Limited has been appointed with the approval of the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Assignment Agreement and the transactions contemplated thereunder are fair and reasonable, and to make recommendation(s) on voting.

THE SGM

A SGM will be convened for the purpose of, among other things, considering, and if thought fit, approving the Assignment Agreement and the transactions contemplated thereunder by the Independent Shareholders. A circular containing, among other things, (i) further information on the Assignment and the Disposal; (ii) recommendation of the Independent Board Committee; (iii) letter of advice from the Independent Financial Adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy will be despatched to the Shareholders on or before 18 November 2019.

As commencement of the Assignment Agreement is subject to the fulfilment (or waiver, as the case may be) of a number of conditions (which are detailed in this announcement), the Assignment may or may not commence. Shareholders and potential investors should exercise caution when dealing in the Shares.

The Company confirms that, based on Cambodia legal advice obtained by the Company, the Gaming Table Business is lawful in Cambodia. The Company has also been advised that the Gaming Table Business and the transactions contemplated thereunder conducted in Cambodia do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong). Shareholders and potential investors of the Company should note that, pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange, the Stock Exchange may direct the Company to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the Company's securities pursuant to Rule 6.01 of the Listing Rules if the operation of the proposed Gaming Table Business fails to comply with applicable laws in Cambodia and/or contravenes the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

DEFINITIONS

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

“Assignment”	Lion King has conditionally agreed to assign and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights at the Consideration
“Assignment Agreement”	the agreement in respect of Gaming Table Business Rights dated 28 October 2019 and entered into among Lion King, VMG and the Guarantor for the assignment of the Gaming Table Business Rights
“Assignment Commencement”	commencement of the Assignment and completion of the Disposal in accordance with the Assignment Agreement
“Assignment Commencement Date”	the date of the Assignment Commencement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“Cambodia”	The Kingdom of Cambodia

“Casino”	Century Entertainment to be operated within an area of approximately 8,100 square meters situate on the 1st & 2nd floors of the Sunshine Bay Hotel at Village 1, Commune No. 3, Mittaphea Town, Shihanoukville Municipal, Cambodia
“Casino Lease and Operation Agreement”	the Casino lease and operation agreement dated 22 September 2018 (supplemented on 23 September 2018) and made between Hein Li Properties Co. Ltd., Sunshine Bay Hotel Management Co. and Lion King in respect of the Casino (as varied, amended or supplemented from time to time)
“Company”	Amax International Holdings Limited, a company incorporated in Bermuda with limited liability, and the issued shares of which are listed on the Stock Exchange (Code No. 959)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	HK\$120 million, being the consideration payable for the Assignment under the Assignment Agreement
“Directors”	directors of the Company
“Disposal”	the disposal by the Company of the Sale Shares subject to and upon the terms and conditions of the Assignment Agreement
“Disposal Consideration”	HK\$58,000,000, being the consideration receivable for the Forenzia Enterprises Group
“Forenzia Enterprises Group”	Forenzia Enterprises Limited together with its subsidiaries namely Lion King Gaming Limited and Chartreuse Holdings Limited
“Forenzia Enterprises Limited”	a company incorporated in BVI and is owned as to 60% by the Company
“Gaming Tables”	the total number of 4 gaming tables located at the mass market gaming area in the Casino (being table nos. MM-001 to MM-004)
“Gaming Table Business”	the operation and management of the Gaming Tables in the Casino
“Gaming Table Business Rights”	the rights to operate and manage the Gaming Tables for a period of five (5) years commencing from Assignment Commencement Date

“Gaming License”	the gaming licence to be issued by the Cambodian Government to Lion King to manage and operate the Casino
“Guarantor”	Mr. Ng Man Sun
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia, to advise the Independent Shareholders on the Assignment Agreement
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Assignment Agreement
“Independent Shareholders”	Shareholders other than Mr. Ng Man Sun, Ms. Ng Wai Yee, together with their respective associates who are required by the Listing Rules to abstain from voting on the resolutions approving the Assignment Agreement and the transactions contemplated respectively thereunder
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Independent Valuer”	International Valuation Limited
“Lease Agreement”	the lease agreement dated 28 October 2019 and entered between VMG and Lion King for the lease of the Gaming Tables
“Lease Commencement”	commencement of the lease in accordance with the Lease Agreement
“Lease Commencement Date”	1 November 2019

“Lion King”	Lion King Entertainment Company Limited, a wholly-owned by Mr. Ng Man Sun, who is an executive Director, Chairman, Chief Executive Officer of the Company and a substantial Shareholder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2020 or such later date as all parties to the Assignment Agreement may agree in writing
“Mr. Ng”	Mr. Ng Man Sun
“Operating Period”	5 calendar years from the date of Assignment Commencement
“Promissory Note”	the promissory note in the principal amount of HK\$62,000,000 in the agreed form to be executed by the Company for the purpose of settling part of the Consideration, pursuant to the Assignment Agreement
“Sale Shares”	Six thousand (6,000) shares in the issued share capital of Forenzia Enterprises Limited, representing 60% issued share capital of Forenzia Enterprises Limited
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Assignment Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.20 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vanuatu Gaming License”	the Interactive Gaming Licence No. IGL27/2014 issued by the Ministry of Finance and Economic Development of the Republic of Vanuatu in favour of Forenzia Enterprises Limited for a term of 15 years to conduct interactive gaming business until 27 February 2029
“VMG”	Victor Mind Global Limited, a company incorporated in BVI with limited liability and is a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

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

Hong Kong, 28 October 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.