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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)

SUPPLEMENTAL ANNOUNCEMENT (I) CONNECTED TRANSACTION (II) DEED OF SETTLEMENT AND (III) PROPOSED ISSUE OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE

Reference is made to the announcements of Amax International Holdings Limited (the “**Company**”) dated 29 December 2017 and 22 January 2018 (the “**Announcements**”) in relation to the deed of settlement in respect of the Promissory Notes. Unless defined otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

SUPPLEMENTAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide certain supplemental information in relation to the Deed, inter alia, (i) background information on the issue of the Promissory Notes; (ii) action taken by the Company; and (iii) terms under the Deed.

Background information on the Issue of the Promissory Notes

On 22 March 2006, the Company issued a tranche of 10-year zero-interest promissory notes with total face value of approximately HK\$1,454 million as part of the consideration for acquiring a further 30% equity interest in Greek Mythology (Macau) Entertainment Group Corporation Limited (the “**Acquisition**”) from Mr. Ng Man Sun (“**Mr. Ng**”). The sale and purchase was completed on 28 March 2006 and the Company issued and delivered promissory notes PN#1–26 all dated 22 March 2006 totalling approximately HK\$1,304 million to Mr. Ng.

At the direction of Ms. Chen Mei Huan (“**Ms. Chen**”), at all material times an assistant of Mr. Ng, whom the Company mistakenly believed was authorized by Mr. Ng to give such direction, the Company issued PN#27 also dated 22 March 2006 for the remaining HK\$150 million to Ms. Lee Bing (“**Ms. Lee**”).

At the direction of Ms. Chen, or other personnel instructed by Ms. Chen, whom the Company mistakenly believed was authorized by Mr. Ng to give such direction that Mr. Ng had assigned the relevant promissory notes for HK\$150 million in favour of Mr. Huang Jian Nan (“**Mr. Huang**”), the Company issued promissory notes (“**PN#28–30**”) for the aggregate sum of HK\$150 million all dated 1 April 2006 to Mr. Huang.

On or about 18 September 2006, PN#32 for the sum of HK\$40 million was issued by the Company to Mr. Wu Weide (“**Mr. Wu**”) at the direction of Ms. Chen that Mr. Huang assigned a promissory note of HK\$40 million to Mr. Wu.

The Promissory Notes were unsecured, non-interest bearing and repayable in 10 years from the date of issue. To the best knowledge, information and belief of the Company, both Ms. Lee and Mr. Wu have no prior or existing relationship with the Company or its connected persons.

On 12 September 2012, by a special general meeting of the Company duly convened at the request of Mr. Ng, the substantial shareholder of the Company at the time of the Acquisition, all the then existing directors were removed from the board and Mr. Ng and his nominees were appointed to be the Board of Directors of the Company. Further, Mr. Ng was then appointed Chairman and Chief Executive Officer of the Company. Prior to this, Mr. Ng has no involvement in any of the Company’s operations.

On or about 20 November 2012, the Company received a letter from Messrs. Yam & Company (now known as Messrs. Zhong Lun Law Firm), solicitors representing Mr. Wu, requesting, inter alia, the Company to deliver to Mr. Wu the audit confirmation in respect of PN#32. It was only until then that came to the attention of Mr. Ng and the Company that PN#27 was issued to Ms. Lee and PN#32 was issued to Mr. Wu by mistakes.

Upon subsequent enquires, it has transpired that: i) Mr. Ng has not authorized the Company to issue PN#27 and PN#32; and ii) Mr. Ng has not received any consideration for the purported transfer of the PN#27 to Ms. Lee, PN#28–30 to Mr. Huang and PN#32 to Mr. Wu.

Action Taken by the Company

Since Mr. Ng has become aware of the issue of PN#27 and PN#32, he, as the beneficial owner, instituted legal proceedings in 2015 against Ms. Lee & Mr. Wu for transfer back of PN#27 & PN#32 and informed the Company of the same in October 2015.

In January 2016, the Company, as the issuer, instructed Messrs. Robert C.C. Ip & Co., Solicitors subsequently, Messrs. Cheng, Yeung & Co. and Mr. Benjamin Chain of Counsel to advise on the issues. The Counsel advised that the proper plaintiff should be the Company (since it was the issuer) to sue for return and cancellation of the PN#27 & PN#32 issued by mistakes. The Counsel further advised the Company seeking clarification from Amax's former management prior to issue of writs.

The Company's lawyers then contacted and obtained confirmation from Mr. Chan King Ming ("**Mr. Chan**", the then executive director and vice-chairman of the Company) that the Company issued PN#27, #PN28-30 and PN#32 upon the instructions of Ms. Chen. Mr. Chan mistakenly believed that these were Mr. Ng's instructions.

The Company believes that, after consulting the legal advice as above, the correct party to PN#27 and PN#32 should be Mr. Ng. Accordingly, based on legal advice, writs were issued by the Company as issuer against Ms. Lee & Mr. Wu in March 2016 and September 2016 respectively.

Terms under the Deed

The settlement of HK\$85.5 million to Ms. Lee and Mr. Wu, and all other relevant arrangements including Mr. Ng's entitlement to the preemptive right to buy the Convertible Bond from the Holders (the "**Preemptive Right**"), are made in accordance with the settlement terms agreed by the Parties in the Deed. From the Company's perspective, PN#27 and PN#32 which are outstanding are undisputed liabilities of the Company and need to be repaid irrespective of the disputes between Mr. Ng, Ms. Lee and Mr. Wu on the title of the same.

The Company was also given to understand that the Preemptive Right was a result of the request of Ms. Lee and Mr. Wu, as one of the conditions to enter into the Deed. In addition, Mr. Ng gave a personal guarantee for payment of the Company's payment obligations under the Deed.

WARNING

The Shareholders and potential investors should be aware that the Deed and the transactions contemplated thereunder are subject to the fulfilment of the Conditions. Accordingly, Completion may or may not proceed. **SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.**

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

Hong Kong, 24 January 2018

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.