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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)

INSIDE INFORMATION IN RESPECT OF IMPAIRMENT AND DISPOSAL OF THE INTEREST IN AN ASSOCIATE

This announcement is made by Amax International Holdings Limited (the “**Company**”, together with its subsidiaries collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcements of Amax International Holdings Limited (the “**Company**”) dated 20 February 2014, 30 May 2014, 18 June 2014, 4 August 2014, 13 October 2014, 14 November 2014, 27 February 2015, 26 June 2017 and 15 February 2019 (the “**Announcements**”) respectively in connection with, inter alia, the litigation in respect of an associate. Unless otherwise defined, capitalised terms used herein shall have the respective meanings ascribed to them in the abovementioned announcements.

IMPAIRMENT

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, due to the lack of progress in respect of a) the requisition of audited financial statements and all relevant information and documentation of the Associate necessary for audit purpose; and b) the application of the Court Order, the Board decided to make full impairment losses (the “**Impairment**”) on the following items on 16 February 2019:

1. 24.8% interest in the Associate with carrying value amounted to approximately HK\$353,568,000 as per the unaudited interim financial statements as at 30 September 2018; and

2. Amount due from the Associate in the sum of approximately HK\$28,500,000 as per the unaudited interim financial statements as at 30 September 2018.

The Board wishes to emphasize that the abovementioned Impairment are one-off and non-cash in nature and do not have any impact on the cash flow and the current business operations of the Group.

DISPOSAL

On 16 February 2019, the Company and Fu Po International Limited (the “**Purchaser**”), had entered into a sale and purchase agreement (the “**Agreement**”), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 1,204 ordinary shares of MOP1,000 each in the issued share capital of the Associate (representing 24.8% of the issued share capital of the Associate) at HK\$38,000 which will be settled by cash (the “**Consideration**”).

The Purchaser is a limited company incorporated in Macau, PRC and its principal activities are properties investment, investment and business project consultancy. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

The Consideration was determined after arm’s length negotiation between the parties with reference to (i) the current operation and financial position of the Associate; and (ii) the carry value of the interest in the Associate after the Impairment.

Accordingly, the Directors consider that the Consideration and the terms and conditions of the Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The net proceeds from the Disposal is approximately HK\$30,000 which will be used as working capital of the Company.

The Company shall on completion deliver or procure to be delivered to the Purchaser the following namely:

- (i) duly executed instruments of transfer and sold and bought notes in respect of the Shares in favour of the Purchaser, its nominees and assigns;
- (ii) valid share certificate(s) in the names of the Company representing the Shares; and
- (iii) confirmation of waiver of the amount due to the Company.

Completion shall take place on or before 28 February 2019 subject to all of the conditions being fulfilled.

Upon Completion, the Associate will cease to be an associate of the Company and the financial results of the Associate will no longer be consolidated into the Group's financial statements.

REASONS FOR THE IMPAIRMENT AND THE DISPOSAL

The Board is of the view that, based on previous discussion with the Company's auditor, the Impairment and the Disposal of the Associate could address and resolve the audit issues arisen by the auditor's prolonged disclaimer of opinion on the Company interest in the Associate and the amount due from the Associate. The Board expects that the auditor would express a disclaimer of opinion on the results and the closing financial position for the year ending 31 March 2019 and there would be a modification in the auditor's report for the year ending 31 March 2020 and 2021 relating to the opening financial position. However, there would not have any ongoing effect on the results and the closing financial position from the year ending 31 March 2020 and 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 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.