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AMAX INTERNATIONAL HOLDINGS LIMITED

奧瑪仕國際控股有限公司*

(Formerly known as Amax Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

RESULTS OF THE INTERNAL CONTROL REVIEW OF THE COMPANY

RESULTS OF THE INTERNAL CONTROL REVIEW

Reference is made to the Announcement dated 25 November 2013 issued by the Company in relation to the appointment of the Compliance Adviser of the Company. Terms defined in the Announcement shall have the same meanings when used herein, unless the context requires otherwise.

As noted in the Announcement, the Company has appointed the Compliance Adviser pursuant to Rule 3A.20 of the Listing Rules to provide guidance and advice to the Company on Listing Rule compliance issues with effect from 22 November 2013 for a term of one year. The Compliance Adviser is to, inter alia, (i) conduct a review of the existing compliance structure of the Company (including compliance with the Listing Rules); and (ii) make recommendations to the Company for its enhancement. The Compliance Adviser issued the First Report on 21 January 2014 and submitted to the Stock Exchange on 22 January 2014, and then performed a subsequent review and submitted the Supplemental Review Report to the Stock Exchange on 17 April 2014. In addition, as part of the Supplemental Review, the Company has engaged RSM to conduct a comprehensive review of the Company's key internal control policies and procedures to ensure the integrity and effectiveness of the Company's overall control and reporting systems.

In the Supplemental Review Report, the Compliance Adviser noted that the Company has fully implemented its recommendations and based on the results of its Supplemental Review, the Compliance Adviser considers that the internal control structure in place and that after the recommendations have been fully implemented would facilitate to improve internal controls of the Company to detect and prevent breaches of relevant rules and regulation.

Having considered (i) the findings and conclusion of the Supplemental Review Report issued by the Compliance Adviser and the ICR issued by RSM; and (ii) the implementation of recommendations by the Company, the Board is of the view that the improved internal control system and enhanced compliance structure are adequate for procuring the Company's Listing Rules compliance.

BACKGROUND

Reference is made to the announcement dated 25 November 2013 (the "Announcement") issued by Amax International Holdings Limited (the "Company") in relation to the appointment of South China Capital Limited as the compliance adviser (the "Compliance Adviser") of the Company. Terms defined in the Announcement shall have the same meanings when used herein, unless the context requires otherwise.

As noted in the Announcement, the Company has appointed South China Capital Limited as the Compliance Adviser of the Company pursuant to Rule 3A.20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") to provide guidance and advice to the Company on Listing Rules compliance issues with effect from 22 November 2013 for a term of one year. The Compliance Adviser is to, inter alia, (i) conduct a review of the existing compliance structure of the Company (including compliance with the Listing Rules); and (ii) make recommendations to the Company for its enhancement.

The Compliance Adviser completed the first-phase internal control review (the "Review") on 21 January 2014 and submitted the report to the Stock Exchange on 22 January 2014 (the "First Report"). The Compliance Adviser then performed a subsequent review from the date of the First Report up to 17 April 2014 (the "Supplemental Review") and submitted the report of the Supplemental Review to the Stock Exchange on 17 April 2014 (the "Supplemental Review Report").

OBJECTIVE AND SCOPE OF THE INTERNAL CONTROL REVIEW

Pursuant to the Announcement, South China Capital Limited has been appointed as the Compliance Adviser of the Company pursuant to Rule 3A.20 of the Listing Rules to provide guidance and advice to the Company on Listing Rules compliance issues with effect from 22 November 2013 for a term of one year.

As at 17 April 2014, the Compliance Adviser of the Company has conducted and provided:

- (i) the Review and the Supplemental Review of the existing compliance structure of the Company and provided recommendations to the Company for its enhancements; and
- (ii) the First Report and the Supplemental Review Report to the Stock Exchange on 22 January 2014 and 17 April 2014 respectively.

To follow up the findings noted in the First Report and strengthen the internal control system of the Company, the management of the Company has requested to carry out an independent review of the Company's existing overall control and reporting systems. In this regard, the Company has engaged RSM Nelson Wheeler Consulting Limited ("RSM") to conduct a comprehensive review of the Company's key internal control policies and procedures in

accordance with the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) framework to ensure the integrity and effectiveness of the Company’s overall control and reporting systems. The scope of works of RSM covers the following areas:

1. Entity level controls
2. Revenue and accounts receivable
3. Procurement and accounts payable
4. Fixed assets
5. Financial reporting, disclosure and budgeting
6. Cash management and treasury
7. Obligations of the Company and its directors to comply with the Listing Rules (Chapters 13, 14 and 14A)
8. Contract management
9. Investment management
10. Disclosure of inside information

RSM has submitted the Internal Control Review Report (the “ICR”) to the Company on 7 April 2014 and the same was circulated to the Compliance Adviser and the Stock Exchange.

FINDINGS AND IMPLEMENTATION TAKEN BY THE COMPANY IN ACCORDANCE WITH THE INTERNAL CONTROL REVIEW

The Directors have summarized in the following tables (i) material findings found in the Review; (ii) recommendations made to address the findings; and (iii) current status of implementation of the recommendations based on the Supplemental Review:

Findings	Recommendations	Implementation status
<p>A. No alternate competent personnel to ensure compliance in absence of the CFO</p>	<p>A. Recruitment of a compliance officer — Objective: to deploy sufficient competent personnel to help create appropriate compliance framework, document related procedures and policies and to properly retain relevant records on a continuous basis to procure compliance with all applicable regulatory requirements</p>	<p>Management actions</p> <p>(1) Mr. Cheung Tai Chi (“Mr. Cheung”) has been duly appointed as the company secretary and financial controller on 3 March 2014; and</p> <p>(2) In addition to his accounting duties, Mr. Cheung assumed the role as compliance officer and was charged with the responsibility to oversee the compliance functions of the Company that he could opt to report directly to the compliance committee and/or the audit committee in accordance with the relevant circumstances.</p>
<p>B. No integrated manual consolidating salient regulatory requirements to enable easy reference in compliance matters</p>	<p>B. Compilation of an integrated compliance handbook (the “Handbook”) — Objective: to facilitate directors’ understanding of the different regulatory guidelines and standards and enable the relevant personnel to identify and consider whether any information coming to their attention is inside information and/or the occurrence of reportable events that sanction disclosures in accordance with appropriate established procedural arrangements</p>	<p>Management actions</p> <p>(1) the Company has compiled an integrated Handbook consolidating its various existing procedures and policies;</p> <p>(2) the Handbook was endorsed by the compliance committee and approved by the board of directors (the “Board”) respectively on 14 April 2014; and</p> <p>(3) the Handbook was subsequently circulated to the management and all staff members of the Company on 16 April 2014. The Compliance Adviser obtained confirmation from the Company that acknowledgement of receipts to confirm recipients’ having received and read the Handbook will as soon as practicably be collected and recorded by the human resources department.</p>

Findings	Recommendations	Implementation status
<p>C. No up-to-date full scale internal control review on the current internal control system</p>	<p>C. To commission a professional firm for internal control review on key current internal control system</p> <p>— Objective: to perform a comprehensive review of the Company’s key internal controls to ensure existing structures as a whole are functioning effectively to enable Listing Rules compliance</p>	<p>Management actions</p> <p>(1) RSM has been engaged on 11 March 2014 to perform a comprehensive internal control review with respect to the Company’s internal control policies/procedures in accordance with the COSO framework;</p> <p>(2) RSM’s review covered the period from 1 March 2013 to 28 February 2014 and followed up actions were taken up with the Company during the period from 1 March 2014 to 7 April 2014;</p> <p>(3) RSM’s findings and recommendations were tabled for discussions of the management of the Company and the respective recommendations contained therein were adopted for further actions by the Company;</p> <p>(4) RSM has submitted the ICR to the Company on 7 April 2014 and the same was circulated to the Compliance Adviser; and</p> <p>(5) as noted in the ICR and followed up actions taken by the Company, the Company has fully implemented RSM’s recommendations to the latter’s satisfaction.</p>

Findings	Recommendations	Implementation status
	<p>D. Arrangements to work closely with various advisers in compliance and reporting matters</p> <p>— Objective: to ensure regular interchange of information, communications and consultations with the advisers of the Company should be scheduled to keep advisers abreast of the Company's latest development and to ensure an open channel for the Board and management of the Company to seek guidance and advice in compliance matters when necessary</p>	<p>Management actions</p> <p>(1) the Company has engaged various advisers to assist management in executing its duties;</p> <p>(2) information detailed in the Company's communication policy of the Handbook to enable ready access to consult the Company's various advisers includes the current list of advisers together with their respective roles and contact points for seeking consultations have been updated and circulated to the relevant personnel and the Board; and</p> <p>(3) confirmation acknowledging receipts of (2) above has been obtained and recorded by the company secretary.</p>
	<p>E. Set up a compliance committee to oversee the internal control function</p> <p>— Objective: to enhance participations from the Board and senior management in compliance matters and to facilitate regular discussions of compliance related issues within the Board</p>	<p>Management actions</p> <p>(1) a compliance committee has been established comprising Ms. Ng Wai Yee (executive Director and chairperson to the compliance committee), Mr. Li Chi Fai (independent non-executive Director and chairman to the Audit Committee), Mr. Wong Sze Lok (chief financial officer) and Mr. Cheung (company secretary) as the secretary;</p> <p>(2) the Board approved the setup of the compliance committee and the terms of reference of the compliance committee on 17 March 2014; and</p> <p>(3) the compliance committee endorsed the integrated Handbook which was subsequently approved by the Board.</p>

In the Supplemental Review Report, the Compliance Adviser noted that the Company has fully implemented its recommendations and based on the results of its Supplemental Review, the Compliance Adviser considers that the internal control structure in place and that after the recommendations have been fully implemented would facilitate to improve internal controls of the Company to detect and prevent breaches of relevant rules and regulation.

CONCLUSION

On 25 April 2014, the management reported to the audit committee and the compliance committee of the Company the findings and conclusions of the Supplemental Review Report and the ICR issued by the Compliance Adviser and RSM respectively. The audit committee and the compliance committee are satisfied with the results of the Supplemental Review Report, ICR and the respective implementation undertaken by the Company.

Having considered (i) the findings and conclusion of the Supplemental Review Report issued by the Compliance Adviser and the ICR issued by RSM; and (ii) the implementation of recommendations by the Company, the Board is of the view that the improved internal control system and enhanced compliance structure are adequate for procuring the Company's Listing Rules compliance.

By order of the Board
Amax International Holdings Limited
(Formerly known as Amax Holdings Limited)
Ng Man Sun
Chairman and Chief Executive Officer

Hong Kong, 12 May 2014

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.

* *for identification purpose only*