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## **Amax Entertainment Holdings Limited**

**澳瑪娛樂控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

### **MAJOR TRANSACTION**

#### **DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF A SUBSIDIARY**

On 27 August 2008, the Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Company agreed to sell and the Purchaser agreed to acquire the Sale Shares for an aggregate consideration of HK\$1.00. The Disposal is subject to the satisfaction of the conditions as set out in the paragraph headed “Conditions” below.

The Disposal constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders’ approval.

A circular containing, among other matters, details of the Disposal and notice of SGM, will be despatched to the Shareholders within 21 days after the publication of this announcement.

#### **SALE AND PURCHASE AGREEMENT**

**Date:** 27 August 2008

**Parties:** (1) Vendor : the Company  
(2) Purchaser : 黎賢姬 (Li Xianji#)

The Purchaser is a PRC citizen and a merchant.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

The Purchaser is a personal friend of the PRC management of a subsidiary of the Company and the Purchaser was introduced to the Company when the Company was in the course of identifying potential purchaser for the Disposal. The Purchaser was also the buyer of A-Max Global Products Limited (“A-Max Global”) as disclosed in the annual report of the Company and the said disposal was completed on 28 June 2007. Save as disclosed above, there are no prior transactions between the Group and the Purchaser which would require to be aggregated pursuant to Rule 14.22 of the Listing Rules.

The Company considers that aggregation pursuant to Rule 14.22 of the Listing Rules for the Disposal and the disposal of A-Max Global is not necessary as the Disposal and the disposal of A-Max Global were based on separate negotiations and the disposal of A-Max Global has been completed more than 13 months before the entering into of the Sale and Purchase Agreement. In the event that aggregation under the Listing Rules is required, given the negligible size of the disposal of A-Max Global, the aggregation of the disposal of A-Max Global with the Disposal will not alter the classification of the Disposal as a major transaction under the Listing Rules.

### **Asset to be disposed**

Pursuant to the Sale and Purchase Agreement, the Company has agreed to dispose and the Purchaser has agreed to acquire the Sale Shares, which represent the entire issued share capital of Profit Goal.

### **Consideration**

The aggregate consideration for the Disposal is HK\$1.00, of which shall be satisfied by the Purchaser in cash upon Completion.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into consideration of various factors, in particular, the current financial situation of Profit Goal Group. According to the audited consolidated financial statements of Profit Goal Group for the year ended 31 March 2008, Profit Goal Group made a net profit after tax of approximately HK\$6,307,000 for the year ended 31 March 2008 and the net liabilities of Profit Goal Group amounted to approximately HK\$30,769,000 as at 31 March 2008. The primary factor attributable to the net liabilities of Profit Goal Group is the accumulated losses recorded by Profit Goal Group in the past years, which were mainly due to the operational losses of Profit Goal Group for the past years as a result of the adverse fierce competition among the market players and the expenses incurred by Profit Goal Group in maintaining its business operations. The net liabilities were mainly comprised of third party loan of approximately HK\$29.6 million for financing its business operations and trade payables and other payables.

Details of the profit after tax of Profit Goal Group for the year ended 31 March 2008 is as follows:

	<i>HK\$'000</i>
Loss from operations	(7,271)
Finance costs	(1,935)
Gain on disposal of subsidiaries	<u>15,513</u>
Profit for the year	<u><u>6,307</u></u>

Although Profit Goal Group made a net profit after taxation of approximately HK\$6.3 million for the year ended 31 March 2008, the net profit was mainly due to the gain from disposal of subsidiaries instead of the operational activities of Profit Goal Group. Based on the audited financial statements of Profit Goal Group for the year ended 31 March 2008, Profit Goal Group has recorded a loss from operations of more than HK\$7 million. After taking into consideration of various factors, including the loss from operation and the net liabilities position of Profit Goal Group, the Directors consider the terms and conditions of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **Conditions**

The Disposal is conditional upon the satisfaction of the following:

- (1) if necessary, the passing by the Shareholders at the SGM to be convened and held of the necessary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (2) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained.

Each party shall use its best endeavours to satisfy and fulfill the conditions. If the conditions set out above have not been satisfied on or before 4:00 p.m. on 31 October 2008, or such other date as the Company and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other, save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

## **Completion**

Completion is expected to take place on the second Business Day after the fulfillment (or waiver) of the conditions (or such later date as the parties may agree) mentioned above.

Upon Completion, Profit Goal will cease to be a wholly owned subsidiary of the Company and the Company will cease to have any interests in Profit Goal.

## **INFORMATION ON PROFIT GOAL**

Profit Goal is a company incorporated in the British Virgin Islands with limited liability. The Profit Goal Group is principally engaged in the sales of LCD and LCD modules.

As at the date of this announcement, Profit Goal is a wholly owned subsidiary of the Company.

According to the audited consolidated financial statements of Profit Goal Group, which were prepared in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Accounting Standards, the turnover, net loss from operation and net loss after taxation for the year ended 31 March 2007 was approximately HK\$59,840,000, HK\$17,205,000 and HK\$5,164,000 respectively. According to the audited consolidated financial statements of Profit Goal Group, the turnover, net loss from operation and net profit after taxation for the year ended 31 March 2008 was approximately HK\$56,511,000, HK\$7,271,000 and HK\$6,307,000 respectively. The audited total assets of Profit Goal Group as at 31 March 2008 were approximately HK\$15,737,000 and the audited net liabilities of Profit Goal Group were approximately HK\$30,769,000.

Based on the audited consolidated financial statements of Profit Goal Group for the year ended 31 March 2008, it is estimated that upon Completion, the Group will record a gain of approximately HK\$30,769,000 upon the Disposal for the year ending 31 March 2009 and an increase in the net assets of the Group by approximately HK\$30,769,000.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in investment holding, gaming and entertainment business in Macau and the sales of LCD and LCD modules.

The Group has experienced fierce competition from other market players in the sales of LCD and LCD modules. Such competitions and the difficulties for the Group to expand its LCD products market have caused the Group to review and reposition its businesses.

After having taken into account of the negative net asset value of Profit Goal Group and the operating losses made by Profit Goal Group last year, the Directors consider it is in the interests of the Group to dispose the entire issued share capital of Profit Goal pursuant to the terms and conditions of the Sale and Purchase Agreement.

The Directors believe that with reference to the financial situation of Profit Goal, in particular the losses on operations and the net liabilities position, Profit Goal will probably not contribute positively to the profitability of the Group in short and medium term. In particular, under fierce competition from other market players, the Board does not expect that the performance of Profit Goal Group will become turnaround in a short term. In addition, after the Disposal, the management can concentrate on the development of the gaming and entertainment business.

Taking into consideration of the aforesaid, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, there will not be any net proceeds from the Disposal.

The Directors are of the view that the Disposal will not have any material adverse impact on the business operations and financial position of the Group.

## **LISTING RULES IMPLICATION**

The Disposal constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders' approval at the SGM.

To the best of the Directors' knowledge and information, no Shareholders have a material interest in the Disposal and accordingly, no Shareholder is required to be abstained from voting at the SGM.

## **GENERAL INFORMATION**

A circular containing, among other things, details of the Disposal and notice of the SGM will be despatched to the Shareholders within 21 days after the publication of this announcement.

## DEFINITIONS

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

“Company”	Amax Entertainment Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Disposal”	the disposal of the entire issued share capital of Profit Goal by the Group pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, 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 (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Profit Goal”	Profit Goal Holdings Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“Profit Goal Group”	Profit Goal and its subsidiaries
“Purchaser”	黎賢姬 (Li Xianji#), the purchaser to the Sale and Purchase Agreement and an Independent Third Party
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 August 2008 and made between the Company and the Purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	1,000 shares of US\$1.00 each in the share capital of Profit Goal, representing the entire issued share capital of Profit Goal
“SGM”	the special general meeting of the Company to be held and convened to consider and, if thought fit, to approve the Disposal
“Shareholder(s)”	holder(s) of the share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

By order of the Board  
**Amax Entertainment Holdings Limited**  
**Cheung Nam Chung, Brian**  
*Chairman*

Hong Kong, 27 August 2008

*As at the date of this announcement, the board of Directors comprises Mr. Cheung Nam Chung, Brian, Mr. Chan Ying Tat, Ted, Mr. Chan Chi Yuen, Mr. Lam Cheok Va, Francis and Ms. Li Wing Sze being the Executive Directors, and Mr. Chan Chiu Hung, Alex, Mr. Lee Tsz Hong and Mr. Ng Wai Hung, Raymond being the Independent Non-executive Directors.*

*# The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

*\* For identification purpose only*