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AMAX
Holdings Limited
Amax Holdings Limited
奧瑪仕控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 959)

**UPDATES ON DISCLOSEABLE TRANSACTION:
ENTERING INTO OF SUPPLEMENTAL AGREEMENT
AND
CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

The Company announces that after arm's length negotiations between the relevant parties, on 2 February 2011, the Purchaser, a wholly owned subsidiary of the Company, entered into the Supplemental Agreement with the Vendor, the Original Project Holder and the PRC Company to amend certain terms of the Possible Acquisition.

Pursuant to the terms and conditions of the Supplemental Agreement, the Company has allotted and issued the Consideration Shares (Second Tranche) at the direction of the Vendor on 2 February 2011 and in return, the Company's beneficial equity interests in the PRC Company increased from 60% to 70%.

The Directors consider that the entering into of the Supplemental Agreement is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Board also announces that the principal place of business of the Company in Hong Kong will be changed to Suite Nos. 3-5A on the 15th Floor of Tower 6, China Hong Kong City, 33 Canton Road, Kowloon with effect from 2 February 2011.

UPDATES ON THE DISCLOSEABLE TRANSACTION

Reference is made to the announcements of the Company dated 30 September 2010 and 16 December 2010 (the “**Announcements**”) in relation to, among others, the Possible Acquisition. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

The Company announces that after arm’s length negotiations between the relevant parties, on 2 February 2011, the Purchaser, a wholly owned subsidiary of the Company, entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Vendor, the Original Project Holder and the PRC Company to amend certain terms of the Possible Acquisition.

BACKGROUND OF THE ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT

As disclosed in the Announcements, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor on 30 September 2010 to acquire the Sale Share, which represents the entire issued share capital of the Target. Upon completion of the Reorganisation, the Target would hold 60% of the registered capital of the PRC Company. The total consideration for the Possible Acquisition is HK\$42,000,000, which should be settled in the following manner in accordance with the terms of the Agreement (or such other manner as the parties thereto may agree):

- (a) HK\$8,000,000 will be settled, at the discretion of the Vendor: (i) in cash by the Purchaser; (ii) by the Purchaser procuring the Company to issue and allot up to 51,480,000 Consideration Shares (First Tranche) to the Vendor (or to whom he may direct); and (iii) by the Purchaser in any combination of the above provided that the cash and the value of the Consideration Shares (First Tranche) based on Issue Price (First Tranche) shall be equivalent to HK\$8,000,000 upon Completion provided that the Vendor shall inform the manner of payment 7 working days before Completion; and;
- (b) the remaining balance of HK\$34,000,000 shall be satisfied by the Purchaser procuring the Company to issue and allot up to 257,186,000 Consideration Shares (Second Tranche) at the Issue Price (Second Tranche) to the Vendor (or to whom he may direct) subject to completion of the conditions set out below.

Conditions of the Agreement have been fulfilled and completion of the Possible Acquisition has taken place in December 2010 as announced.

As disclosed in the Announcements, the allotment and issue of the Consideration Shares (Second Tranche) shall be subject to the fulfillment of the following conditions (the “**Issue Conditions**”) within three years of the Agreement:

- (a) the obtaining of the approval by Guangxi Welfare Lottery Authority to approve the renewal of Project, such approval shall not expire earlier than an agreed date stipulated in the Agreement; and
- (b) the average of the closing prices of the Shares for any five consecutive trading days shall be HK\$0.216 per Share or higher.

After arm's length negotiations, the parties to the Agreement agreed to issue and allot the Consideration Shares (Second Tranche) (the “**Early Issue of Consideration Shares**”) without the need to fulfill the aforesaid Issue Conditions. In return, the Vendor undertakes to give certain benefits in favour of the Purchaser in accordance with the terms of the Supplemental Agreement.

PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

Pursuant to the terms of the Supplemental Agreement, the Purchaser shall procure the issue and allotment of the Consideration Shares (Second Tranche) to the Vendor (or at his direction) immediately without the fulfillment of the Issue Conditions. In return, it was agreed by the parties to the Supplemental Agreement to amend certain terms of the Possible Acquisition to provide that:

- (1) the Vendor undertakes to pay HK\$23,800,000 to the Target, which will be utilized for the business development of the Target and the PRC Company and as to HK\$4,500,000 among the aforesaid HK\$23,800,000 will be applied towards the increase in registered capital of the PRC Company. Upon the completion of the increase in the registered capital, the Purchaser will indirectly hold 70% of the equity interests of the PRC Company.
- (2) the PRC Company shall establish a budget committee to monitor its annual budget and the annual budget is required to be prepared in accordance with the standards and format set by the Purchaser and approved by the board of directors of the PRC Company. The Purchaser can nominate a member to the budget committee;
- (3) the Purchaser, the Original Project Holder and the PRC Company shall jointly control the bank accounts for large amounts of the PRC Company and for any expenses of more than RMB500,000 of the PRC Company shall be subject to prior approval of the Purchaser; and
- (4) the number of directors of the PRC Company will increase from three to five and the Purchaser shall be entitled to nominate three directors out of the five directors.

Pursuant to the terms and conditions of the Supplemental Agreement, the Company has allotted and issued the Consideration Shares (Second Tranche) at the direction of the Vendor on 2 February 2011.

REASONS FOR THE ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT

The PRC Company is principally engaged in providing a range of value-added services related to Lottery Games in Guangxi Province, the PRC. Services of the PRC Company include: (1) Lottery distribution channel management; (2) Development and production of proprietary software & equipment; (3) Data transmission network setup and management. The suite of services provided by the PRC Company allows for a “one-stop shop” for business partners wishing to enter to Lottery distribution space.

The PRC Company has new breakthroughs in its social welfare lottery distribution service recently. Distribution network has widened from hotels to more entertainment places and new channels. Other exciting lottery games have been incorporated into the proprietary terminals of the PRC Company. The arrangement of “Early Issue of Consideration Shares” will provide additional cashflow for the above mentioned emerging business development opportunities. Through this arrangement, the Purchaser can also gain further controls in the PRC Company.

In light of the aforesaid reasons, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Supplemental Agreement are fair and reasonable and the entering into of the Supplemental Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board also announces that the principal place of business of the Company in Hong Kong will be changed to Suite Nos. 3–5A on the 15th Floor of Tower 6, China Hong Kong City, 33 Canton Road, Kowloon with effect from 2 February 2011.

By order of the Board
Amax Holdings Limited
Dicky Lau
Executive Director

Hong Kong, 2 February 2011

As at the date of this announcement, the board of Directors comprises Ms. Li Wing Sze, Mr. Lau Dicky and Mr. Ng Chi Keung being the executive Directors and Ms. Deng Xiaomei, Mr. Cheng Kai Tai, Allen, Mr. Fang Ang Zhen, Mr. Yoshida Tsuyoshi and Dr. Dingjie Wu being the independent non-executive Directors.

* *for identification purposes only*