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AMAX HOLDINGS LIMITED

奧瑪仕控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

PRICE SENSITIVE INFORMATION PROPOSED SETTLEMENT ON DILUTION IN THE COMPANY'S SHAREHOLDING IN THE ASSOCIATE AS A RESULT OF THE CAPITALISATION

This announcement is made pursuant to Rule 13.09(2) of the Listing Rules and reference is made to the 2011 Results Announcement, the 2011 Interim Results Announcements and the announcements of the Company dated 7 July 2011, 19 August 2011 and 7 February 2012.

DILUTION IN THE COMPANY'S SHAREHOLDING IN THE ASSOCIATE AS A RESULT OF THE CAPITALISATION

After various discussions between the Board and representatives of the Associate, it is agreed in principle that an Agreement shall be entered into between the Company, the Associate and other existing shareholders of the Associate in order to settle the controversy over the views held differently by the Company and by the Associate regarding the dilution in the Company's shareholding in the Associate as a result of the Capitalisation.

GENERAL

The Board would like to convene a special general meeting of the Company in order to allow the Shareholders to (i) review and approve the terms of the draft Agreement prior to the executing of the same and (ii) approve the appointment of the New Auditors (as announced by the Company on 7 February 2012).

A circular, containing among others, (i) details of the Agreement; (ii) a letter from ACL to the Independent Board Committee containing its advice on the Agreement; (iii) details of the change of auditors of the Group (as announced by the Company on 7 February 2012); and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules.

This announcement is made pursuant to Rule 13.09(2) of the Listing Rules and reference is made to the 2011 Results Announcement, the 2011 Interim Results Announcement and the announcements of the Company dated 7 July 2011, 19 August 2011 and 7 February 2012.

DILUTION IN THE COMPANY'S SHAREHOLDING IN THE ASSOCIATE AS A RESULT OF THE CAPITALISATION

As mentioned in the 2011 Results Announcement and the 2011 Interim Results Announcement, the Board has been informed that the Capitalisation has been completed near the end of 2010 and as a result the Company's initial holding of 49.9% of the share capital in the Associate has been diluted to 24.8%. Furthermore, as mentioned in the announcements of the Company dated 7 July 2011 and 19 August 2011, the Board has resolved to establish and has constituted the Independent Board Committee to conduct investigations into matters in relation to the Capitalisation, which has recommended ACL to the Board and the Company has subsequently appointed ACL as its financial adviser to provide professional advice and analysis to assist the Independent Board Committee in its communication with the Associate in relation to the Proposed IPO and the Capitalisation. Nevertheless, as mentioned in the 2011 Results Announcement, the 2011 Interim Results Announcement, the announcements of the Company dated 7 July 2011 and 19 August 2011, the Board is of the view that the Company was holding 49.9% in the Associate as at 31 March 2011, 30 September 2011 and is holding such percentage of shareholding as at the date of this announcement (despite the Capitalisation has been completed).

With the assistance of ACL and the legal advisers appointed by the Company, the Company has been evaluating effectiveness of different alternatives in protecting the interests of the Company in the Associate and has decided to enter into commercial discussions with the Associate. After various discussions between the Board and representatives of the Associate, it is agreed in principle that an Agreement shall be entered into between the Company, the Associate and other existing shareholders of the Associate in order to settle the controversy over the views held differently by the Company and by the Associate regarding the dilution in the Company's shareholding in the Associate as a result of the Capitalisation.

The Agreement

According to the results of discussions between the Board and representatives of the Associate, the Board has prepared a draft of the Agreement which contains the following major terms:

- (i) the parties to the Agreement shall confirm and acknowledge that the Capitalisation is legal and valid and that immediately after completion of the Capitalisation on 8 November 2010, the Company's shareholding in the Associate has been reduced to 24.8%;
- (ii) if the Qualified IPO is not completed within 24 months from the date of execution of the Agreement (the "**Term Date**"), the parties to the Agreement shall take all necessary actions to cause a reduction of the Associate's issued share capital by way of redemption of the new shares, at a cash consideration of HK\$704,603,680.70 in accordance with the relevant Macau laws and restore the Company's shareholding in the Associate back to approximately 49.9%;
- (iii) if at the Term Date the Associate has become the wholly-owned subsidiary of GM Holdings through corporate reorganisation for the purpose of the Proposed IPO, the parties to the Agreement shall procure GM Holdings to repurchase at a cash consideration of HK\$704,603,680.70 such number of shares of the Associate to the effect that the Company's indirect shareholding in the Associate is restored back to approximately 49.9%;

- (iv) the Term Date maybe extended by written agreement between the Associate and the Company if the Qualified IPO is, in the opinion of the Associate and the Company, close to its completion;
- (v) until the earlier of the end of the Term Date or the Proposed IPO, the Associate shall provide monthly reports to the Company regarding the status, developments and updates related to the process of the Qualified IPO; and
- (vi) the Company shall cooperate with the Associate in respect of the Proposed Listing.

Reasons for and benefits of the execution of the Agreement

Subject to the analysis to be prepared by ACL, the same of which will be disclosed in a circular to be issued by the Company, the execution of the Agreement is beneficial to the Company for the reason that the Company may enjoy a possible gain through the increase in value of its interests in the Associate upon completion of the Proposed IPO, while at the same time the value of the Company's interests in the Associate is secured at a certain value.

Financial effects of the Capitalisation and Agreement

The Company is an investment holding company and the Group is mainly involved in gaming related businesses. One of the Group's major businesses is its ownership of its interests in the Associate.

According to the Company's internal assessment and discussion and pursuant to the review conducted by the audit committee of the Board, subject to certain key assumptions and limitation(s) stated therein, (i) a decrease of 65% in the net profit of the Group for the year ended 31 March 2011 and 54% in net assets of the Group as at 31 March 2011 (as mentioned in the announcement of the Company dated 19 August 2011); (ii) a decrease of 51% in net profit of the Group for the six months ended 30 September 2011 and 52% in net assets of the six months ended 30 September 2011, may be derived from the Capitalisation.

Pursuant to the terms of the draft Agreement, a Qualified IPO is required to be completed within 24 months from the date of execution of the Agreement, which indirectly implies that upon the occurrence of a Qualified IPO, the value of the Company's interests in the Associate will be guaranteed to be not less than 49.9% of the net asset value of the Associate as shown in its unaudited accounts as at 30 October 2010. Furthermore, it is noted that there has been a positive growth in the net asset value of the Associate and there will likely be an increase in value of the Company's interests in the Associate upon completion of the Proposed IPO. The Company has appointed ACL as its independent financial adviser to provide an analysis on the financial effects of the Agreement.

GENERAL

The Board would like to convene a special general meeting of the Company in order to allow the Shareholders to (i) review and approve the terms of the draft Agreement prior to the Company executing the same and (ii) approve the appointment of the New Auditors (as announced by the Company on 7 February 2012).

A circular, containing among others, (i) details of the Agreement; (ii) a letter from ACL to the Independent Board Committee containing its advice on the Agreement; (iii) details of the change of auditors of the Group (as announced by the Company on 7 February 2012); and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules.

DEFINITIONS

The following words used in this announcement have the following meaning:

“2011 Results Announcement”	:	the annual results announcement for the year ended 31 March 2011 of the Company dated 30 June 2011
“2011 Interim Results Announcement”	:	the interim results announcement for the six months ended 30 September 2011 of the Company dated 29 November 2011
“ACL”	:	Athens Capital Limited
“Agreement”	:	an agreement proposed to be entered into between the Company, the Associate and other existing shareholders of the Associate in relation to the Capitalisation
“Associate”	:	Greek Mythology (Macau) Entertainment Group Corporation Limited, an associate (as defined under the Listing Rules) of the Company
“Board”	:	the board of Directors
“Capitalisation”	:	the issue by way of a capitalisation issue of 2,439 GM Shares to Ms. Chen in full satisfaction and settlement of the shareholder’s loan in the sum of HK\$704,603,680.70 owed by the Associate to Ms. Chen
“Company”	:	Amax Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 959)
“Director(s)”	:	director(s) of the Company
“GM Holdings”	:	Greek Mythology Holdings Limited, the purported holding company of the Associate for the purpose of the Proposed IPO, which will own 100% of the issued share capital of the Associate after the relevant corporate reorganisation
“GM Share(s)”	:	the share(s) of MOP 1,000 each in the share capital of the Associate
“Group”	:	the Company and its subsidiaries
“Hong Kong”	:	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	:	an independent Board committee comprising all independent non-executive Directors to conduct investigations into matters relating to the Capitalisation

“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or replaced or clarified by the Stock Exchange from time to time
“Macau”	:	the Macau Special Administrative Region of the PRC
“MOP”	:	Macau Pataca, the lawful currency of Macau
“Ms. Chen”	:	Ms. Chen Mei Huan 陳美歡
“New Auditors”	:	Baker Tilly Hong Kong Limited
“PRC”	:	The People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macau and Taiwan
“Proposed IPO”	:	a proposed listing of the Associate through GM Holdings on the Main Board of the Stock Exchange
“Qualified IPO”	:	a proposed listing of the Associate through its holding company on the Stock Exchange, where the market capitalisation of the shares held by the Company in such holding company (calculated by multiplying the listing offer price by the number of shares in such holding company held by the Company at the time of listing of such holding company) immediately upon the listing of such holding company shall not be less than 49.9% of the net asset value of the Associate as shown in its unaudited accounts as at 30 October 2010 and immediately prior to the Capitalisation
“SGM”	:	the special general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the Agreement, the appointment of the New Auditors and the matters contemplated thereunder
“Share(s)”	:	the ordinary share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	:	holder(s) of the Share(s)
“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 Holdings Limited
Ng Chi Keung
Company Secretary

Hong Kong, 7 February 2012

As at the date of this announcement, the Board comprises Mr. Cheung Nam Chung, 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. Yoshida Tsuyoshi and Dr. Dingjie Wu being the independent non-executive Directors.

** for identification purpose only*