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AMAX

Holdings Limited

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奧瑪仕控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

ANNOUNCEMENT AND RESUMPTION OF TRADING

The board (the “**Board**”) of directors (“**Directors**” and each a “**Director**”) of Amax Holdings Limited (the “**Company**”) noted that:

- (1) Mr. Ng Man Sun (“**Mr. Ng**”), a substantial shareholder of the Company, issued a requisition to the Company on the 13th July 2012, among others, for convening of a special general meeting to (i) remove all the then existing Directors (except Dr. Wu Dingjie) and all new Directors appointed by the Company on or after 13th July 2012 and up to the date of the special general meeting; and (ii) to appoint five individuals proposed by Mr. Ng as new Directors (collectively, the “**Proposed Board Change**”).
- (2) Dr. Wu Dingjie (“**Dr. Wu**”), as independent non-executive Director has issued a letter (the “**Complaint**”) to the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) which complaint was published on Tai Kung Po and Apple Daily on 29th and 30th July 2012. The Complaint alleged that:
 - (i) the Board members may not be suitable to manage the Company under the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as they do not have the necessary credibility, independent judgment and integrity;
 - (ii) the Company published the clarification announcement on 16th July 2012 (the “**Clarification Announcement**”) without Dr. Wu’s consent;
 - (iii) the Company has not taken prompt action to publish notice to convene a special general meeting in response to Mr. Ng’s requisition concerning the Proposed Board Change despite repeated requests from Dr. Wu;
 - (iv) Dr. Wu expressed doubts on the Company’s efforts in the investigation of the validity of the loan (“**Loan**”) due to Ms. Chan Mei Huen (“**Ms. Chen**”) by Greek Mythology (Macau) Entertainment Group Corporation Limited (the “**Associate**”); and

- (3) A press article appearing in Eastweek on 15th August 2012 (the “**Article**”) which purported to report, among others, the following:
- (i) Mr. Ng is interested in developing Asian chain casinos in South Korea and Vietnam and that the required capital for the development is around HK\$30 billion. Mr. Ng would like to raise the HK\$30 billion via equity fund raising activities by the Company after he gets back the directorship in the Company;
 - (ii) the Company announced that it and a South Korea company entered into a cooperative agreement to operate casino gaming business in South Korea in 2006. However, no further update since then; and
 - (iii) there are rumours that due to poor operational performance, the Associate has given up the operating rights of 40 gaming tables in the Greek Mythology Casino and returned them to SJM Holdings Limited (the “**Issue**”).

THE COMPANY’S CLARIFICATION

The Company would like to inform the Shareholders in respect of the following:

The Proposed Board Change

- (1) The Company’s special general meeting for approving the Proposed Board Change was duly convened in accordance with the Company’s Bye-laws on 12th September 2012 pursuant to Mr. Ng’s requisition. It was resolved that all the then Directors (except Dr. Wu) be removed and that Mr. Ng and Ms. Ng Wai Yee were appointed as executive Directors and Ms. Yeung Pui Han, Regina, Dr. Chow Ho Wan, Owen and Mr. Li Li Tang were appointed as independent non-executive Directors.

The Complaint

- (1) As regards the allegation of the suitability of the then Board members (at the time when the Complaint was made) to manage the Company, with the Proposed Board Change became effective on 12th September 2012, all the then Directors (except Dr. Wu) were removed. The Board has also resolved on the 12th September 2012 to suspend (i) Mr. Cheung Nam Chung’s position as Chief Executive Officer of the Company; and (ii) Mr. Ng Chi Keung, Ronald’s position as Company Secretary, authorised representative and other positions with the Company and its subsidiaries, pending internal investigation.
- (2) As regards the allegation of publication of the Clarification Announcement without Dr. Wu’s consent, the Company confirms that an urgent Board meeting was held at around 10:30 a.m. on 16th July 2012 to discuss on the contents of the Clarification Announcement and to authorize the publication of the same. In view of the urgency of such matter, shorter than usual notice period of 7 days was given to the Directors. Dr. Wu did not attend the said meeting when it was resolved to approve the contents of the Clarification Announcement and its publication.

After publication of the Clarification Announcement, at a subsequent meeting held on the 10th August 2012, the Board confirmed and ratified the resolutions passed on the 16th July 2012 related to the Clarification Announcement. Due notice of the meeting was given to Dr. Wu but he did not attend the meeting.

The Company's Bermuda lawyers opined that the confirmation and ratification of the resolutions passed on the 16th July 2012 by a subsequent Board meeting (with due notice given) was valid in accordance with the Company's Bye-laws.

- (3) As regards the allegation regarding the request for the Proposed Board Change, on 6th August 2012, the Company has issued a circular to its Shareholders (the "**Shareholders**") informing them that a special general meeting of the Company will be held on 12th September 2012 in respect of the Proposed Board Change. The Proposed Board Change was approved by the Shareholders on 12th September 2012.
- (4) As regards the allegation regarding Company's effort in investigation of the validity of the Loan:
 - (i) based on very limited information available to the Board, the Associate, but not the Company, was a party to the Loan. Given that the Associate is merely an associated company of the Company, the Company has no control over the affairs of the Associate, not to mention the Company's right of access to information about the Loan, including relevant agreement(s) and the financial information relating to the Loan;
 - (ii) the Company was not aware of the Loan until the Company's receipt of a letter from the Associate relating to the capitalisation of the Loan with the issue of 2,439 shares in the Associate to Ms. Chen Mei Huan (陳美歡) (the "**Capitalisation**") on or about 28th March 2011, whereas the Board appointed (a) Athens Capital Limited as the financial advisers to the Company on 13th July 2011 to provide professional advice and analysis to assist the independent board committee of the Company in their communication with the Associate in relation to the Capitalisation; (b) Wardell & Associates Limited on 14th July 2011 to conduct further investigation on matters relating to the Capitalisation; and (c) Macau legal advisers to advise on the legality and validity of the Capitalisation;
 - (iii) the Company has sought to obtain certain information on details of the Capitalisation from the Associate's auditors, but to no avail. The financial statements of the Associate for the six months ended 30th September 2010, for the year ended 31st March 2011 and for the six months ended 30th September 2011, were all provided to the Company by the Associate's auditors, CCIF CPA Limited, who were also the then auditors of the Company. As CCIF CPA Limited did not raise any issue relating to the Loan, nothing has come to the attention of Board that gave rise to any suspicions as to the validity of the Loan. In view of the above, the Company and professional parties did not raise any questions on the validity of the Loan and the focus at that time was mainly on the legality of the Capitalisation;
 - (iv) The Macau lawyers had given its preliminary advice on the legality of the Capitalisation and adopting commercial negotiations as a first resort to settle this issue. In this regard, reference is made to the Company's announcement dated 19th August 2011. Wardell & Associates Ltd.'s advice based on the documents available and representations made by the two executive directors namely Mr. Dicky Lau and Ms. Celia Li Wing Sze, was that there appeared no evidence to show any breach of duties on the part of these two directors to the extent that they have acted beyond the power given to them by the Company. Athens Capital Limited ("**ACL**") the financial advisor to the Company as recommended by the Independent Board Committee recommended the Board of Directors of the Company to approve the Capitalisation

Agreement (as hereinafter defined). ACL's letter to the Board was incorporated in the Company's Circular to shareholders dated 9th February 2012. The issue of Capitalisation was subsequently resolved by follow up actions disclosed under the following paragraphs 4 (v) and (vi);

- (v) by a written resolution of the Board dated 8th December 2011 signed by all Directors (including Dr. Wu), the Board unanimously approved the circular of the Company dated 9th February 2012 relating to the Capitalisation; and
- (vi) the Shareholders approved the entering into of the agreement to be entered into between the Company, the Associate and other existing shareholders of the Associate in relation to the Capitalisation (the "**Capitalisation Agreement**") by the Company on 27th February 2012 and the Company entered into the Capitalisation Agreement on 16th March 2012.

Press Article of Eastweek

In respect of the press article of Eastweek, the Company would inform the Shareholders the following:

Update of the Company's gaming business development in Korea

- (1) No formal agreement was signed by the Company since the letter of intent dated 19th March 2010 for possible cooperation agreement to promote Asian Casino Business with a South Korean Company and there was no revenue or profits generated.
- (2) To the best of the knowledge of the Company, there is no further update in relation to the status of the possibility of direct investing by the Company into a South Korean gaming operator and/or its casino in South Korea as announced by the Company on 17th November 2006 and no formal agreement was entered into thereafter.
- (3) An agent agreement was signed on 19th January 2012 between the Company and Ace High Co., Ltd. ("**Ace High Korea**"), a company incorporated in Korea, to promote the travelling and gaming business in Korea (the "**Agent Agreement**"). The Agent Agreement has a fixed term of 12 months renewable automatically for another 12 months term thereafter unless terminated by two weeks prior notice and pursuant to which, the Company will be entitled to receive commission based on predetermined percentage on the rolling volume of any one month period. The Company will also be entitled to receive compensation at the predetermined rate on the net loss of its group customers in any one month period. The gross commission of approximately HK\$47,000 and profits of approximately HK\$19,000 were resulted from this agent agreement as at the date of this announcement. Besides, a letter of intent was signed on 20th July 2012 with Ace High Korea for the acquisition of 100% shareholding of Ace High Korea to develop the gaming business in Korea. The letter of intent is non-legally binding, and further information is required by the Board to consider this matter.

Mr. Ng's intention

- (4) The Company has enquired with Mr. Ng as to the details of his plans to develop Asian chain casino in South Korea and Vietnam. The Company was given to understand that Mr. Ng was merely expressing his wishes and aspirations in respect of the future

development of Asian casino business and that any future business plans and fund raising exercise involving the Company will have to be approved by the Board and Shareholders. The Company has no intention, plans or discussion on such fund raising exercise.

The Issue

- (5) As resolved in the Board meeting dated 31st August 2012, the Board regarded the return of the operation rights of 40 gaming tables in Greek Mythology Casino to SJM as price sensitive in nature, if such tables have been returned to SJM. To the best of the knowledge of the Company, the 40 gaming tables occupy approximately 33% of the total number of gaming tables in Greek Mythology Casino. Based on estimation of the loss of 33% of the share of profit from the Associate for the year ended 31st March 2012, the loss will be approximately HK\$80 million. Therefore, this will have a material adverse impact on the Company's financial position if the operation rights of the 40 gaming tables in Greek Mythology Casino have been returned to SJM.
- (6) The Company has obtained confirmation from the Associate's lawyers in Macau of the return of the 40 gaming tables to SJM and duly issued a price sensitive information announcement on 16th October 2012.

RESUMPTIONS OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange was suspended with effect from 9:00 am on 31st July 2012 and an application has been made for the Shares to resume trading with effect from 9:00 am on 29 October 2012.

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

By order of the Board
Amax Holdings Limited
Ng Man Sun
Director

Hong Kong, 26 October 2012

As at the date of this announcement, the Board comprises Mr. Ng Man Sun and Ms. Ng Wai Yee being the executive Directors and Ms. Yeung Pui Han, Regina, Mr. Chow Ho Wan, Owen, Mr. Li Li Tang and Dr. Wu Dingjie being the independent non-executive Directors.

* *for identification purposes only*