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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)

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 28 August 2013 (after trading hours), the Subscriber, the Company and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which (i) the Placing Agent have agreed to act as agent for the Subscriber to place, on a best commercial efforts basis, and the Subscriber has agreed to sell, a total of existing Placing Shares to not less than six Placeses who and whose ultimate beneficial owners will be third parties independent of and not acting in concert (as defined under the Takeovers Code) with the Subscriber, the Company and their respective associates and connected persons, at the Placing Price of HK\$0.86 per Placing Share; and (ii) the Subscriber has conditionally agreed to subscribe for 11,000,000 new Subscription Shares at the Subscription Price of HK\$0.86 per Subscription Share.

The Placing Shares represent (i) approximately 5.06% of the existing issued share capital of the Company of 217,232,786 Shares as at the date of this announcement; and (ii) approximately 4.82% of the issued share capital of the Company as enlarged by the Subscription and the allotment and issue of the Subscription Shares as a result of the Subscription.

The Subscription is conditional upon (i) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Placing.

The gross proceeds from the Subscription will be HK\$9,460,000 million. The net proceeds from the Subscription will amount to HK\$9,318,100 million which is intended to be used for general working capital of the Group. The net price raised per Subscription Share will be approximately HK\$0.85 per Share.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

28 August 2013 (after trading hours)

Parties Involved

The Company, the Subscriber and the Placing Agent

The Subscriber

As at the date of the Placing and Subscription Agreement, the Subscriber holds 47,307,366 Shares, representing approximately 21.78% of the existing issued share capital of the Company.

Placing and Subscription

The Placing Agent has agreed to act as agent to the Subscriber to place, on a best commercial efforts basis, the Placing Shares at the Placing Price and will receive a placing commission of 1.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares. The placing commission was arrived at after arm's length negotiation between the Company, the Subscriber and the Placing Agent.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placees and its ultimate beneficial owner is independent of and not connected with the Subscriber, the Company and their respective associates and connected persons, and are not acting in concert with the Subscriber (or parties acting in concert with it) or associates.

Pursuant to the Placing and Subscription Agreement, the Subscriber agreed to place, through the Placing Agent, 11,000,000 Placing Shares to the Placees at a price of HK\$0.86 per Placing Share and the Subscriber will subscribe the Subscription Shares at a price of HK\$0.86 per Subscription Share.

Details of the Placing and the Subscription are set out below.

1. *Placing*

Placee(s)

The Placing Agent agreed to place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons. It is not expected that any individual Placee will become a substantial shareholder of the Company immediately after the Placing. In the event any of the Placees becomes a substantial shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing and Subscription, the maximum number of 11,000,000 Placing Shares under the Placing represent (i) approximately 5.06% of the existing issued share capital of the Company of

217,232,786 Shares as at the date of this announcement; and (ii) approximately 4.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$2.2 million.

Rights of Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid on or after the Placing Completion Date.

Placing Price

The Placing Price of HK\$0.86 represents:

- (i) a discount of approximately 14% to the closing price of HK\$1 as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 16.5% to the average closing price of approximately HK\$1.03 in the last 5 trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Subscriber, the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Placing Commission and Expenses

The Company will be responsible for the placing commission of 1.5% of the aggregate Placing Price of the Placing Shares, all Hong Kong stamp duty, brokerage, trading fee, transaction levy chargeable to the Subscriber in relation to the Placing, any and all fees payable to the Stock Exchange and SFC, and all charges, fees and expenses of the Company's branch share registrar in Hong Kong. Such costs, fees and expenses will, to the extent borne ultimately by the Subscriber, be borne by the Company.

Completion of the Placing

Subject to the provision of evidence to the Placing Agent's reasonable satisfaction that the Subscriber can effectively transfer of the Placing Shares, the Placing is expected to take place on the Placing Completion Date.

2. Subscription

Subscription Shares

The Subscriber has conditionally agreed to subscribe 11,000,000 Subscription Shares, representing, in aggregate, (i) approximately 5.06% of the existing issued share capital of the Company; and (ii) approximately 4.82% of the issued share capital of the Company as enlarged by the Subscription and the allotment and issue of the Subscription Shares as a result of the Subscription.

Ranking of the Subscription Shares

The Subscription Shares will rank, when fully paid, pari passu in all respects with the Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription.

Subscription Price

The Subscription Price:

- (i) a discount of approximately 14% to the closing price of HK\$1 as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 16.5% to the average closing price of approximately HK\$1.03 in the last 5 trading days prior to the date of the Placing Agreement; and
- (iii) is equal to the Placing Price.

The Subscription Price was arrived at after arm's length negotiations among the Subscriber, the Company and the Placing Agent with reference to the prevailing market prices. The Directors consider that the Subscription Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

The Subscription is conditional upon:

1. the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Subscription Shares); and
2. the Completion of the Placing in accordance with the terms of the Placing and Subscription Agreement.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription.

Completion of the Subscription

Completion of the Subscription, in any event, will take place on the Business Day next following the fulfillment of all the conditions of the Subscription have been satisfied.

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed on or before 11 September 2013, being 14 days after the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval by the independent Shareholders (being Shareholders other than the Subscriber, its ultimate beneficial owners and their respective associates).

General Mandate to issue the Subscription Shares

The issue of the Subscription Shares is not subject to further Shareholders' approval.

The Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM, subject to the limit of 41,526,557 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date and taking into account the effect of share consolidation passed by the shareholders at a special general meeting of the Company held on 28 March 2013, whereby every 20 shares of the Company of HK\$0.01 each were consolidated into 1 new share of the Company of HK\$0.2 each). The 11,000,000 Subscription Shares to be allotted and issued will utilise approximately 26.5% of the General Mandate.

As at the date of this announcement, the Company has allotted and issued 9,600,000 Shares by using 23.1% of the General Mandate.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors consider the Placing represents an opportunity for the Company to raise capital while broadening its shareholder base as well as its capital base.

The aggregate gross and net proceeds from the Placing will be HK\$9,460,000 million and HK\$9,318,000 million, respectively. The Company intends to utilize the net proceeds from the Placing for general working capital of the Group. The net proceeds raised per Share upon completion of the Placing will be approximately HK\$0.85 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summaries the capital raising activity of the Company for the twelve months immediately before the date of this announcement:

| Date of initial announcement | Description | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of this announcement |
|-------------------------------------|-----------------------|---------------------|---------------------------------|---|
| 4 June 2013 | Placing of new shares | HK\$7.85 million | General working capital | Approximately HK\$7.5 million has been utilized for general working capital. The remaining balance has not yet been utilized and is intended to be used as general working capital. |

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing and the Subscription are set out as below:

| Shareholder | As at the date of this announcement | | Immediately after the Placing but before the Subscription | | Immediately after the Subscription | |
|----------------------------------|--|---------------|---|---------------|---------------------------------------|---------------|
| | <i>Number of Shares</i> | <i>%</i> | <i>Number of Shares</i> | <i>%</i> | <i>Number of Shares</i> | <i>%</i> |
| Mr. Ng Man Sun (<i>Note 1</i>) | 47,307,366 | 21.78 | 36,307,366 | 16.71 | 47,307,366 | 20.73 |
| Placee(s) | — | — | 11,000,000 | 5.06 | 11,000,000 | 4.82 |
| Other public Shareholders | <u>169,925,420</u> | <u>78.22</u> | <u>169,925,420</u> | <u>78.23</u> | <u>169,925,420</u> | <u>74.45</u> |
| | <u>217,232,786</u> | <u>100.00</u> | <u>217,232,786</u> | <u>100.00</u> | <u>228,232,786</u> | <u>100.00</u> |

Note:

1. Mr. Ng Man Sun is the chairman and chief executive officer of the Company.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

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| “AGM” | the annual general meeting of the Company held on 12 September 2012; |
| “associates” | has the meaning ascribed thereto in the Listing Rules; |
| “Board” | the board of Directors; |
| “Business Day” | any day on which the Stock Exchange is open for securities dealings; |
| “Company” | Amax Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange; |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules; |
| “Director(s)” | director(s) of the board of the Company; |
| “General Mandate” | the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM; |
| “Group” | the Company and its subsidiaries; |

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| “Hong Kong” | Hong Kong Special Administrative Region of PRC; |
| “Independent Third Party(ies) ” | third party(ies) independent of and not connected with the Company and its connected persons (has the meaning ascribed to it in the Listing Rules); |
| “Listing Committee” | the listing committee of the Stock Exchange; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the main board of the Stock Exchange; |
| “Placee(s)” | any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates (including the Placing Agent itself) procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the a Placing Agreement; |
| “Placing” | any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates (including the Placing Agent itself) procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement; |
| “Placing Agent” | SBI E2-Capital Financial Services Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Placing and Subscription Agreement” | the conditional agreement entered into among the Subscriber, the Company and the Placing Agent dated 28 August 2013 (after trading hours) in relation to the Placing and the Subscription; |
| “Placing Completion Date” | 2 September 2013, or such other date agreed between the Subscriber and the Placing Agent; |
| “Placing Price” | HK\$0.86 per Placing Share; |
| “Placing Share(s)” | up to 11,000,000 new Shares to be placed pursuant to the Placing Agreement; |
| “PRC” | the People’s Republic of China; |
| “SFC” | the Securities and Futures Commission; |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Share(s)” | the ordinary share(s) of HK\$0.2 in the share capital of the Company; |
| “Shareholder(s)” | holder(s) of the Shares; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |

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|-----------------------|--|
| “Subscriber” | Mr. Ng Man Sun, the chairman and chief executive officer of the Company and the beneficial owner of 47,307,366 Shares as at the date of this announcement; |
| “Subscription” | the subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Placing and Subscription Agreement; |
| “Subscription Shares” | 11,000,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Placing and Subscription Agreement; |
| “Takeovers Code” | Hong Kong Code on Takeovers and Mergers; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “%” | per cent. |

By order of the Board
Amax Holdings Limited
Ng Man Sun
Chairman and Chief Executive Officer

Hong Kong, 28 August 2013

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*