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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your share in Amax Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

- (1) PROPOSED EXECUTION OF THE AGREEMENT**  
**(2) PROPOSED CHANGE OF AUDITORS**  
**(3) NOTICE OF SPECIAL GENERAL MEETING**

**Financial adviser to the Company**



**ATHENS CAPITAL LIMITED**

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A letter from the Board is set out on pages 3 to 8 of this circular.

A notice dated 9 February 2012 convening an SGM of the Company to be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on 27 February 2012 at 11:00 a.m. is set out on pages 25 to 26 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or at any adjourned meeting thereof) should you so wish.

\* *for identification purpose only*

9 February 2012

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“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, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), being the financial adviser to the Company
“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
“CCIF”	CCIF CPA Limited
“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)
“Directors”	the directors 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

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## DEFINITIONS

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“Latest Practicable Date”	3 February 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“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 GM Holdings on the Stock Exchange, where the market capitalisation of the shares held by the Company in GM Holdings (calculated by multiplying the listing offer price by the number of shares in GM Holdings held by the Company at the time of listing of GM Holdings) immediately upon the listing of GM Holdings 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 on 27 February 2012 at 11:00 a.m. 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)
“SJM”	SJM, Sociedade de Jogos de Macau, S.A., a joint stock company incorporated on 28 November 2001 under the laws of Macau, being a gaming concessionaire and a subsidiary of SJM Holdings Limited, a company listed on the Stock Exchange (stock code: 880)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

**AMAX**  
Holdings Limited

**AMAX HOLDINGS LIMITED**

**奧瑪仕控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

**Board of Directors:**

*Executive Directors*

Mr. Cheung Nam Chung  
Ms. Li Wing Sze  
Mr. Lau Dicky  
Mr. Ng Chi Keung

*Independent Non-executive Directors*

Ms. Deng Xiaomei  
Mr. Cheng Kai Tai, Allen  
Mr. Yoshida Tsuyoshi  
Dr. Dingjie Wu

**Registered office:**

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**Head office and Principal Place of  
Business in Hong Kong:**

Room 1503-05A, 15/F, Tower 6  
China Hong Kong City  
33 Canton Road, Tsim Sha Tsui  
Kowloon, Hong Kong

9 February 2012

Dear Shareholder(s),

**(1) PROPOSED EXECUTION OF THE AGREEMENT  
(2) PROPOSED CHANGE OF AUDITORS  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

On 7 February 2012, the Company announced (i) the dilution of the Company's shareholding in the Associate as a result of the Capitalisation and the proposed execution of the Agreement and (ii) the proposed appointment of the New Auditors as auditors of the Group to fill the casual vacancy following the resignation of CCIF.

The purpose of this circular is to provide you with further information in relation to the Agreement, the change of auditors and to give you notice of the SGM.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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### PROPOSED EXECUTION OF THE AGREEMENT

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 circular (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, *inter alia*, 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%;

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## LETTER FROM THE BOARD

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- (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.

A copy of the draft Agreement will be tabled at the SGM.

### **Information of the Associate**

The Associate is the sole casino management services provider of the Greek Mythology Casino operated by gaming concessionaire SJM. The casino management services provided by the Associate include marketing, promotion, advertising, patron referral, patron development and casino activities coordination. In conjunction with its casino management services, the Associate also provides the gaming concessionaire the right to use the casino premises. The Associate is an associate (as defined under the Listing Rules) of the Company.

### **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 Group for 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

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## LETTER FROM THE BOARD

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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 financial adviser to provide an analysis on the Agreement. For further details of the analysis performed by ACL, please refer to the "Letter from ACL" set out on pages 9 to 23 of this circular.

### **Reasons for and benefits of the execution of the Agreement**

Based on the analysis prepared by ACL, 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.

### **CHANGE OF AUDITORS**

As announced by the Company on 7 February 2012, CCIF, the former auditors of the Company, have resigned as the auditors of the Group with effect from 6 February 2012 by reason that the Company and CCIF could not reach consensus on the audit fees for the year ending 31 March 2012. CCIF have confirmed that there are no matters or circumstances connected with their resignation that need to be brought to the attention of the Shareholders. The Board also confirmed that there are also no disagreements between the Company and CCIF and there are no other matters in respect of the resignation of CCIF which they consider should be brought to the attention of the Shareholders.

The Board proposed to appoint the New Auditors as auditors of the Company to fill the casual vacancy following the resignation of CCIF and to hold office until the conclusion of the next annual general meeting of the Company. Pursuant to the Bye-laws of the Company, the SGM is convened to approve the aforementioned appointment.

### **RECOMMENDATIONS**

The Directors (other than the independent non-executive Directors, whose view is set out in the "Letter from the Independent Board Committee" set out on page 24 of this circular) are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors (other than the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution in respect of the execution of the Agreement as set out in the notice of SGM contained in this circular.

The Directors (including the independent non-executive Directors) are of the view that the appointment of New Auditors as auditors of the Group to fill the casual vacancy following the resignation of CCIF is in the interests of the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution in respect of the appointment of the New Auditors as set out in the notice of SGM contained in this circular.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### SPECIAL GENERAL MEETING

A notice convening the SGM at which ordinary resolutions will be proposed to Shareholders to consider and, if though fit, to approve (i) the execution of the Agreement and all matters relating thereto and (ii) the appointment of the New Auditors as auditors of the Group to fill the casual vacancy following the resignation of CCIF, is set out on pages 25 and 26 of this circular.

The voting in respect of the approvals of the resolutions will be conducted by way of a poll.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and return the same to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, and in any event not less than 48 hours before the time appointed for holding the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting thereof) should you so wish.

An announcement will be made by the Company following the conclusion of the SGM to inform the Shareholders of the results of the SGM.

Any person with a material interest, and any Shareholders with a material interest (and their associates), in the transactions contemplated under the Agreement are required to abstain from voting on the relevant resolution to approve the execution of the Agreement at the SGM.

### DOCUMENT FOR INSPECTION

A copy of the draft Agreement is available for inspection during normal business hours at Room 1503-05A, 15/F, Tower 6, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong from the date of this circular to 27 February 2012 (i.e. the scheduled date of the SGM) (both days inclusive).

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on page 24 of this circular and the “Letter from ACL” set out on pages 9 to 23 of this circular.

Yours faithfully,  
For and on behalf of the Board of  
**Amax Holdings Limited**  
**Ng Chi Keung**  
*Company Secretary*

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## LETTER FROM ACL

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*The following is the text of a letter received from Athens Capital Limited, the financial adviser to the Company as recommended by the Independent Board Committee regarding the evaluation of the proposed alternatives identified by the Company in protecting its interest in the Associate as a result of the Capitalisation for the purpose of inclusion in this circular.*



**ATHENS CAPITAL LIMITED**

35th Floor  
Office Tower  
Convention Plaza  
1 Harbour Road  
Wanchai, Hong Kong

9 February 2012

The Board  
Amax Holdings Limited  
Room 1503–05A, 15/F, Tower 6  
China Hong Kong City  
33 Canton Road  
Tsim Sha Tsui  
Kowloon, Hong Kong

Dear Sirs,

### **Proposed alternatives identified by the Company in protecting its interest in the Associate as a result of the Capitalisation (the “Proposed Alternatives”)**

#### **INTRODUCTION**

We refer to our engagement as the financial adviser to the Company as recommended by the Independent Board Committee in relation to the evaluation of the Proposed Alternatives, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 9 February 2012, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the content otherwise requires.

Immediately prior to the Capitalisation, the Company is initially interested in approximately 49.9% of the share capital of the Associate (the “**Initial Interest**”). As stated 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.

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## LETTER FROM ACL

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Accordingly, the Company's holding in the Associate has been diluted from approximately 49.9% to approximately 24.8% (the "**Diluted Interest**") as a result of the Capitalisation (the "**Dilution**").

In view of the Dilution, the Company has been focusing on identifying different alternatives for protecting its interest in the Associate. Currently, the Company has identified the following Proposed Alternatives:

- (a) commencing discussion and negotiation with existing shareholders of the Associate and the Associate in entering into the Agreement; or
- (b) maintaining the Initial Interest by opposing the Capitalisation.

The Independent Board Committee comprising Ms. Deng Xiaomei, Mr. Cheng Kai Tai, Allen, Mr. Yoshida Tsuyoshi and Dr. Dingjie Wu, being the independent non-executive Directors, has been formed to conduct investigations into matters in relation to the Capitalisation. The selection of the Proposed Alternatives to be taken by the Company will be subject to the results of the Shareholders' approval at the SGM. We have been recommended by the Independent Board Committee to the Board to act as the financial adviser of the Company in respect of the Proposed Alternatives.

### **PRINCIPAL FACTORS CONSIDERED**

In arriving at our opinion in respect of the Proposed Alternatives, we have considered the following principal factors and reasons:

#### **(I) Background of the Dilution**

As stated 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. The Capitalisation was completed and registered with the Macau Commercial Registry on 8 November 2010. Therefore, the Dilution took place with Company's interest in the Associate being diluted from approximately 49.9% to approximately 24.8% notwithstanding the Board is of the opinion that the Company is holding approximately 49.9% equity interest in the Associate.

#### **(II) The Proposed Alternatives**

Following the Dilution, the Company has been considering actions to be taken regarding the Capitalisation, including but not limited to seeking legal advices on the legal implications of the Capitalisation.

We understand that the Company has been preliminarily advised by the Macau lawyers that the validity of the Capitalisation may be subject to challenge by the Company in Macau courts. Therefore, there has been disagreement among the Company, the Associate, and existing shareholders of the Associate as to whether the Capitalisation had been duly approved by the Company under the laws of Macau and hence, whether the Capitalisation was completed (the "**Disagreement**").

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## LETTER FROM ACL

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In order to tackle the Dilution in the presence of the Disagreement, the Company has identified the following Proposed Alternatives for safeguarding its interests in the Associate:

- (a) commencing discussion and negotiation with the existing shareholders of the Associate and the Associate in entering into the Agreement; or
- (b) maintaining the Initial Interest by opposing the Capitalisation.

### **(III) The Agreement**

We have been advised by the Company that the Associate is making preparatory work for seeking the Proposed IPO. Following discussion between the Board and representatives of the Associate, in order to facilitate the Proposed IPO, the Agreement is contemplated for settling the Disagreement.

According to the draft Agreement prepared by the Board, it contains, inter alia, the following major terms:

- (a) 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%;
- (b) 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\$704,603,680.7 in accordance with the relevant Macau laws and restore the Company's shareholding in the Associate back to approximately 49.9%;
- (c) 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\$704,603,680.7 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%;
- (d) 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;
- (e) 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

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## LETTER FROM ACL

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- (f) the Company shall cooperate with the Associate in respect of the Proposed IPO.

With the inclusion of the Qualified IPO in the terms of the draft Agreement, it is proposed that the Company's interest in GM Holdings (the "**Post-IPO Interest**") at the time of listing of GM Holdings will have an aggregate market value of not be less than 49.9% of net assets value ("**NAV**") of the Associate as at 30 October 2010 immediately prior to the Capitalisation (the "**Guaranteed Value**").

Furthermore, in the event the Qualified IPO cannot be completed prior to the Term Date, the Company's shareholding in the Associate or GM Holdings (as the case maybe) will be restored back to approximately 49.9%.

### **Analysis**

We have taken into account the following in our analysis of the Agreement:

#### ***(a) The Guaranteed Value***

Under the Agreement, value of the Post-IPO Interest will not be less than the Guaranteed Value, which represents approximately 49.9% of NAV of the Associate as at 30 October 2010 immediately prior to the Capitalisation.

We note that the NAV of the Associate as at 30 October 2010 of approximately MOP1,630.3 million (equivalent to approximately HK\$1,581.4 million) (the "**Post-Capitalisation NAV**") as shown in its management account has already taken into account the Capitalisation. In order to estimate the NAV of the Associate as at 30 October 2010 immediately prior to the Capitalization (the "**Pre-Capitalisation NAV**"), we have deducted the capitalized loan amount of HK\$704,603,680.7 from the Post-Capitalisation NAV and arrived at a value of approximately HK\$876.8 million. As such, 49.9% of the Pre-Capitalisation NAV shall amount to approximately HK\$437.5 million.

With the Guaranteed Value, the minimum value of the Post-IPO Interest is safeguarded. As the value of the Post-IPO Interest will be at least equal to the Company's Initial Interest of approximately 49.9% of the Pre-Capitalisation NAV, it ensures that the value of the Company's investment in the Associate will not be worse off by holding the Post-IPO Interest as compared with the Initial Interest immediately prior to the Capitalisation.

Since the Guaranteed Value is determined based on the Company's proportionate share of the Pre-Capitalisation NAV as represented by the Initial Interest, it represents the Company's proportionate share of the Associate's net worth prior to the Capitalisation. In this regards, the basis of determining the Guaranteed Value is in line with the common market practice in valuation of equity interest.

*(b) NAV of the Associate since the Capitalisation*

We note that the NAV of the Associate increases from the Post-Capitalisation NAV of approximately MOP1,630.3 million (equivalent to approximately HK\$1,581.4 million) as at 30 October 2010 to approximately HK\$1,838.9 million as at 31 March 2011 as shown in the management accounts of the Associate, representing a growth of approximately 16.3%.

Having considered the improvement in net worth and financial position of the Associate as represented by the increase in NAV of the Associate, we are of the view that the prospect of the Associate appears to be good. Taking into account the prospect of the Associate and the Proposed IPO, we consider that there exists the possibility for the Company's investment in the Associate to change from an unlisted investment to the Post-IPO Interest, a listed investment.

*(c) Estimated value of the Post-IPO Interest*

The Guaranteed Value only represents the minimum value of the Post-IPO Interest. It does not take into account the potential increase in the value of the Post-IPO Interest upon completion of the Proposed IPO.

In estimating the valuation of the Post-IPO Interest, we have considered the following factors:

*PER adopted for estimating market capitalisation of GM Holdings*

Price-to-earnings ratios (“**PER**”) is a commonly adopted valuation approach for companies. In this regard, we have made reference to the PER for those companies listed on the Stock Exchange which are principally engaged in gaming business (being the same business activities undertaken by the Associate) with over 50% of the revenue generated from such business (the “**Industry Comparables**”) for estimating the market capitalisation of GM Holdings immediately after completion of the Proposed IPO.

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**LETTER FROM ACL**

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Set out below are the 11 Industry Comparables (arrange in the order of market capitalisation) we have identified for our estimation:

Table 1: Industry Comparables

Company name (Stock code)	Market Capitalisation as at the Latest Practicable Date (HK\$ million) (Note 1)	PER (Times) (Note 2)
Dore Holdings Limited (628)	122.8	N/A (Note 3)
Paradise Entertainment Limited (1180)	150.6	N/A (Note 3)
Neptune Group Limited (70)	392.4	2.0
China Star Entertainment Limited (326)	438.1	N/A (Note 3)
Emperor Entertainment Hotel Limited (296)	1,447.7	4.4
NagaCorp Ltd. (3918)	5,996.4	17.5
Melco International Development Limited (200)	8,570.3	N/A (Note 3)
Galaxy Entertainment Group Limited (27)	75,469.7	84.0
SJM Holdings Limited (880)	78,965.7	22.2
Wynn Macau, Limited (1128)	105,307.3	23.8
Sands China Ltd. (1928)	227,392.3	43.9
<b>Minimum</b>		<b>2.0</b>
<b>Maximum</b>		<b>84.0</b>
<b>Average</b>		<b>28.2</b>
<b>Median</b>		<b>22.2</b>

*Source: Website of the Stock Exchange*

*Notes:*

1. Being closing price as at the Latest Practicable Date multiplied by the number of issued shares of the respective Industry Comparables.
2. Calculated based on the market capitalisation of the respective Industry Comparables as at the Latest Practicable Date divided by the latest published profit attributable to the shareholders as set out in the respective annual results announcements of the Industry Comparables.
3. "N/A" denoted that the subject company recorded loss in its latest annual results announcement.

As shown in Table 1 above, the PERs of the Industry Comparables range from approximately 2.0 times to 84.0 times, with median PER of approximately 22.2 times.

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## LETTER FROM ACL

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Given the diverse spread of the PERs of the Industry Comparables, for estimating the market capitalisation of GM Holdings in a more prudent manner, we have used the low end value of the PER and the median PER of the Industry Comparables for deriving the market capitalisation of GM Holdings.

Set out below is the range of estimated market capitalisation of GM Holdings:

Table 2: Estimated market capitalization of GM Holdings

<b>Valuation method</b>	<b>Ratio used</b>	<b>Estimated market capitalisation of GM Holdings</b> <i>(Approximately HK\$ million)</i>
PER	2.0–22.2	1,088–12,077 ( <i>Note</i> )

*Note:*

Calculated based on the range of the PER multiplied by the unaudited net profits of the Associate of approximately HK\$544 million as shown in its management accounts for the year ended 31 March 2011.

**It should be noted that the above analyses are for illustrative purposes and reference only. It does not purport to represent a premise indication of the market capitalisation of GM Holdings upon its listing. The actual market capitalisation of GM Holdings is subject to a number of factors, including but not limited to its operating and financial performance, its risk profile and cost structure, general market conditions or other developments affecting the industries which the Associate participated in, the general economic conditions, and the prevailing market sentiment and investor perception, etc.**

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## LETTER FROM ACL

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*Dilution effect to the Diluted Interest immediately after completion of the Proposed IPO*

With the issue of new shares by GM Holdings upon its listing (the “**IPO Shares**”), the Diluted Interest held by the Company will be diluted to the Post-IPO Interest. On the assumption of (i) Diluted Interest of approximately 24.8%; (ii) the IPO Shares will render the public shareholding of GM Holdings of not less than the minimum public shareholding requirement of 25% as required under the Listing Rules; and (iii) there will be no change in the issued share capital of GM Holdings except for the issue of the IPO Shares prior to the completion of the Proposed IPO, we have estimated that range of Post-IPO Interest as shown below:

<b>Public Shareholding</b> <i>(Approximately)</i>	<b>Post-IPO Interest</b> <i>(Approximately)</i>
25%–40%	15%–19%

*Discount factor for the valuation of the Post-IPO Interest*

We, having considered the sizable shareholding of the Post-IPO Interest, are of the view that the disposal of the Post-IPO Interest is likely to cause downward pressure on the price of the shares of GM Holdings, therefore, a discount factor of 50% is applied in the valuation of the Post-IPO Interest.

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**LETTER FROM ACL**

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*Range of valuation of the Post-IPO Interest*

Having considered the abovementioned parameters, we have estimated the range of valuation of the Post-IPO Interest as follows:

Table 3: Estimated valuation of the Post-IPO Interest

<b>Valuation method</b>	<b>Estimated market capitalisation of GM Holdings</b>	<b>Post-IPO Interest</b>	<b>Valuation of Post-IPO Interest</b>
	<i>(Approximately HK\$ million)</i>	<i>(Approximately)</i>	<i>(Approximately HK\$ million)</i> <i>(Note 1)</i>
PER	1,088–12,077	15%–19%	82–1,147 <i>(For illustrative purpose only, Note 2 )</i> 437.5–1,147 <i>(Note 2)</i>

*Note:*

1. Calculated based on the range of estimated market capitalisation of GM Holdings multiplied by the range of the Post-IPO Interest and the discount factor of 50%.
2. According to the Agreement, the minimum valuation of the Post-IPO Interest shall not be less than the Guaranteed Value, i.e. approximately HK\$437.5 million.

***(d) Comparison of the estimated valuation of the Post-IPO Interest to the Guaranteed Value***

As shown in Table 3 above, for illustrative purpose only, valuation of the Post-IPO Interest using PER multiples is estimated to be in the range of approximately HK\$82 million to HK\$1,147 million, representing a discount of approximately 81.3% to the Guaranteed Value and a premium of approximately 1.6 times over the Guaranteed Value respectively. However, it should be noted that pursuant to the Agreement, the minimum valuation of the Post-IPO Interest immediately upon Proposed IPO shall not fall below the Guaranteed Value. As such, the value of the Post-IPO interest shall be at least equivalent to approximately HK\$437.5 million as discussed previously.

In this connection, the downside risk of the decrease in value of the Post-IPO Interest immediately upon successful Proposed IPO is safeguarded by the Guaranteed Value. More importantly, by holding the Post-IPO Interest, the Company will be given the opportunity to enjoy surge in value of the Post-IPO Interest and record potential gain from its investment in the Associate as illustrated in our above analysis.

*(e) Benefits of the Agreement*

- *Possible surge in NAV of the Company*

Upon successful Proposed IPO, fair value of the Post-IPO Interest will be represented by its market value. In general, market value of a listed company as represented by its market capitalization shall be higher than its NAV. Accordingly, the Post-IPO Interest will then be recorded at market value instead of the book value, therefore, resulting in a possible surge in NAV of the Company.

- *Possible capital appreciation of the Company's investment in the Associate*

In view of the proposed listing exercise of the Associate, the Company's investment in the Associate may change from unlisted investment to listed investment with 24 months from the date of execution of the Agreement. In general, for companies conducting similar business activities and with similar cost structures, valuation of listed company will be higher than private company.

With successful Proposed IPO, the Company is presented with the opportunities of potential appreciation in the value of the Post-IPO Interest as discussed in the paragraph headed "Comparison of the estimated valuation of the Post-IPO Interest to the Guaranteed Value".

- *Improve liquidity for the Company's investment in the Associate*

Upon completion of the Proposed IPO, the Company's unlisted investment in the Associate will become the Post-IPO Interest, being a listed investment. Therefore, there will be an open market for the realization of the Company's investment.

Furthermore, the Company will be able to realize its investment at any time for any portion of the Post-IPO Interest held by the Company.

Upon completion of Proposed IPO, if the shares of GM Holdings trade at favourable price, the Company can realise the gain of its investment via disposal of the Post-IPO Interest.

- *Increase attractiveness of the Company's investment in GM Holdings to potential buyer*

By holding the Post-IPO Interest, it will be easier for the Company in attracting potential buyers for realizing its investment in GM Holdings as compare to the Pre-IPO Interest. Moreover, should disposal of the Post-IPO Interest be contemplated by the Company, a comparatively shorter time will be required by the Company in the searching process of potential buyers.

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- *Higher level of corporate governance of the Associate*

Following the Proposed IPO, the Associate will become a member of a listed group which shall subject to a higher level of corporate governance as required by the Listing Rules. In general, there will be more timely disclosure of information to investors in order to improve the corporate transparency for gaining recognition from institutional funds and the investing public. With such measures in place, interests of the investors, including the Company, will also be better protected.

- *Better access to capital for GM Holdings*

After the Proposed IPO, leveraging on the listing status of GM Holdings, it will be provided with a platform and other opportunities to raise funds for its business growth and development by issuing new shares. Moreover, it can obtain funding on more competitive terms and hence improve the return to the shareholders, including the Company.

- *Higher profile and visibility of the Associate*

Being a member of a listed group, it will enable the Associate to obtain higher profile and visibility in the market which may result in increased business, greater assurance among its customers and suppliers which will also help to improve its corporate image. All of the foregoing may contribute positively to the operating performance of the Associate.

- *Facilitating acquisition opportunities of GM Holdings*

With the shares of GM Holdings being listed securities, GM Holdings will have the opportunities to acquire business for its expansion and corporate development by use of its shares instead of making payment in cash. This will also broaden the financing alternatives available to GM Holdings for its business activities.

- *Better consideration of the shareholders' interests by GM Holdings*

Being a listed company, GM Holdings shall also take into account the interests of its shareholders in running its business.

- *Restoration of the Company's initial 49.9% interest in the Associate or GM Holdings if the Qualified IPO cannot be completed after 24 months*

Under the Agreement, on one hand, the Company will be provided the opportunity to enjoy the aforesaid benefits associated with the Post-IPO Interest as discussed in connection with successful Proposed IPO. On the other hand, even if the Qualified IPO cannot be completed after 24 months, the Company's investment in the Associate or GM Holdings (as the case

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maybe) will be restored back to the Company's initial interest of approximately 49.9%. Besides, the Company will not be required to incur additional costs for such restoration.

In this connection, all the benefits as discussed below in maintaining the Company's initial interest of approximately 49.9% by opposing the Capitalisation will be enjoyed by the Company but only at a delayed period of 24 months from the date of execution of the Agreement in the event the Qualified IPO cannot be completed.

Therefore, apart from enjoying the potential benefits associated with successful Proposed IPO as stated above, the Company's interest in the Associate is protected through the restoration arrangement as stipulated in the Agreement should the Proposed IPO turn out to be unsuccessful within a designated period of 24 months.

*(f) Shortcomings of the Agreement*

- *Possible decrease in the Company's share price*

In the course of preparation of Proposed IPO, in the accounting record of the Company, the Company's share of profits of the Associate will be reduced. With the reduction of total earnings, it may result in possible decrease in the Company's share price.

However, if the Qualified IPO is not successful after 24 months, the Company's share of the Associate's profits will restore to approximately 49.9% and the Company's share of profits of the Associate will restore to its initial interests.

- *Fluctuation in the value of the Post-IPO Interest*

Following Proposed IPO, value of the Post-IPO Interest may be subject to market fluctuation of the prices of shares of GM Holdings and such may be out of the Company's control.

- *Downward pressure on prices of GM Holdings Shares upon disposal of the Post-IPO Interest*

After completion of the Proposed IPO, if the liquidity of the shares of GM Holdings is thin, given the size of the Post-IPO Interest held by the Company, it may not be able to dispose of the entire Post-IPO Interest in the market without exerting downward pressure on the share price of the shares of GM Holdings to some extent.

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## LETTER FROM ACL

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- *Potential dilution of the Post-IPO Interest*

If GM Holdings issues further shares upon completion of the Proposed IPO, the Post-IPO Interest held by the Company will then be diluted with the subsequent issue.

However, in the case of Proposed IPO, GM Holdings shall not be allowed to issue further shares or securities convertible into shares of GM Holdings within six months of listing.

#### **(IV) Maintaining the Initial Interest by opposing the Capitalisation**

We are given to understand that preliminary legal advice has been provided by the Macau lawyers to the Company that the validity of the Capitalisation may be subject to challenge by the Company. In this connection, following the Dilution, the Company is also studying the possibility of maintaining the Initial Interest by opposing the Capitalisation as another alternative for protecting its interest in the Associate.

Currently, the Associate is a private company and therefore the Company's investment in the Associate is an unlisted investment held by the Company. For the purpose of our analysis regarding this alternative, we have assumed that (i) the Company will maintain its Initial Interest by opposing the Capitalisation (the "**Proposed Opposition**"); and (ii) the Associate will continue to remain as a private company should the Company be successful in maintaining its Initial Interest.

The following are the benefits and shortcomings of maintaining Initial Interest of approximately 49.9% as a private company:

##### **(a) Benefits of maintaining the Initial Interest**

- *Higher level of the Company's share of results from the Associate*

By maintaining the Initial Interest of approximately 49.9% instead of the Diluted Interest of approximately 24.8% of a potential listed company, the Group will be entitled to a higher proportionate share of operating results from the Associate which will be recorded as share of profits from associate in the Company's accounts, therefore, enhancing the Group's accounting profit.

In addition, the financial position of the Group will be also enhanced by recording a higher proportionate share of net assets of the Associate which will be recorded as interest in associate.

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- *Maintain the status of being a controlling shareholder of the Associate*

With the Company maintaining the Initial Interest of approximately 49.9%, the Company will be a controlling shareholder of the Associate based on shareholding structure of the Associate prior to the Capitalisation. Therefore, the Company will be able to continue to exert significant influence in the Associate.

**(b) Shortcomings of maintaining the Initial Interest**

- *Lower liquidity of the Initial Interest*

The Initial Interest which represents interest in a private company has lower liquidity than the Post-IPO Interest which represents interest in a listed company. The Initial Interest is less likely to be sold readily to other investors than the Post-IPO Interest.

- *Valuation discount of the Initial Interest*

In the event that a potential buyer has been identified by the Company for realizing its investment in the Associate, given that the Initial Interest represents interest in a private company, a discount may be applied in the valuation of the Initial Interest as compare with its listed counterparts due to lack of marketability.

- *Delay the opportunity of improving liquidity of the Company's investment in the Associate*

Having considered that the Associate is considering a listing exercise, we estimate that there is the possibility for the Company's investment in the Associate to change from unlisted investment to listed investment. In this regard, there is a possibility of improving the liquidity and valuation of the Company's investment.

Should the Company maintain the Initial Interest by the Proposed Opposition, it may result in delay in the completion of the listing exercise of the Associate. Accordingly, the potential liquidity and valuation improvement of the Company's investment in the Associate will also be delayed.

- *Uncertainty on the success of the Proposed Opposition*

Although the Capitalisation may be subject to challenge by the Company, the Capitalisation has been legally completed. Therefore, the Company would be required to go through legal proceedings for the restoration of the Initial Interest.

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## LETTER FROM ACL

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In this connection, professional fees, including but not limited to legal advisers' fees and other litigation related expenses will be incurred for the Proposed Opposition, not to mention the involvement and time to be spent by management in the legal proceedings. Despite the aforesaid time and efforts spent, it will be uncertain as to the outcome of the Proposed Opposition.

### RECOMMENDATION

Having presented with the opportunity for the Company to enjoy the benefits of the Agreement as discussed in the paragraph headed "Benefits of the Agreement" in particular, the potential surge in value of the Post-IPO Interest and the benefits in turning the Company's investment in the Associate from an unlisted investment to a listed investment upon completion of Proposed IPO, while enjoying all the benefits associated with the restoration to the Initial Interests at no extra cost if the Qualified IPO could not be completed within 24 months from the date of execution of the Agreement, we are of the opinion that negotiation with existing shareholders of the Associate and the Associate to enter into the Agreement appears to be a preferred alternative than maintaining the Initial Interest. We therefore recommend the Board to approve the Agreement instead of maintaining the Initial Interest.

Yours faithfully,  
For and on behalf of  
**Athens Capital Limited**  
**Ross Cheung**  
*Managing Director*  
*Head of Corporate Finance*

**AMAX**  
Holdings Limited

**AMAX HOLDINGS LIMITED**

**奧瑪仕控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

9 February 2012

Dear Shareholder(s),

We have been appointed as the Independent Board Committee to advise you in connection with the execution of the Agreement, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 9 February 2012 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the information set out in the letter from the Board, the terms of the draft Agreement and the advice of ACL in relation thereto as set out on pages 9 to 23 of the Circular, we are of the view that the terms of the draft Agreement are in the interests of the Company and its Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned.

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the execution of the Agreement.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee

**Deng Xiaomei**, *Independent Non-executive Director*  
**Cheng Kai Tai, Allen**, *Independent Non-executive Director*  
**Yoshida Tsuyoshi**, *Independent Non-executive Director*  
**Dingjie Wu**, *Independent Non-executive Director*

\* *for identification purpose only*

**AMAX**  
Holdings Limited

**AMAX HOLDINGS LIMITED**

**奧瑪仕控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of the Company will be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on 27 February 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as Ordinary Resolutions:

**ORDINARY RESOLUTIONS**

1. **“THAT:**

- a. the Agreement (a copy of which has been produced to the meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification, and as defined in the circular to the shareholders of the Company dated 9 February 2012 (a copy of which has been produced to the meeting marked “B” and initialled by the chairman of the meeting for the purpose of identification)) and the form and substance thereof be and are hereby approved;
- b. all transactions contemplated under the Agreement be and are hereby approved; and
- c. any one director of the Company be and is hereby authorised to execute the Agreement for and on behalf of the Company (whether by hand or under the common seal of the Company) and the directors of the Company be and are hereby authorised to do all such acts and things as they in their absolute discretion deem necessary, desirable or expedient to implement, give effect to and/or complete the Agreement and the transactions contemplated thereunder and, where required, any amendment of the terms of the Agreement as required by, or for the purposes of complying with all applicable laws, rules and regulations.”

\* *for identification purpose only*

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## NOTICE OF SPECIAL GENERAL MEETING

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2. “**THAT** Baker Tilly Hong Kong Limited be and are hereby appointed as auditors of the Group to fill the vacancy following the resignation of CCIF CPA Limited with effect from 6 February 2012, and to hold office until the conclusion of the next annual general meeting of the Company and that the board of directors of the Company be authorised to fix their remuneration.”

By Order of the board of directors  
**Amax Holdings Limited**  
**Ng Chi Keung**  
*Company Secretary*

Hong Kong, 9 February 2012

**Notes:**

- (1) A form of proxy for use at the SGM is enclosed.
- (2) Any member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend the vote instead of him in accordance with the bye-laws of the Company. A proxy need not be a member of the Company.
- (3) A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM.
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be delivered to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM (or any adjournment thereof) and in default the form of proxy shall not be treated as valid. Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the SGM (or any adjournment thereof) should they so wish. If a member who has lodged a form of proxy attends the SGM, his form of proxy will be deemed to have been revoked.
- (5) If there are joint registered holders of a share in the Company, any one of such joint holders may vote at the SGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the joint holders so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (6) The voting in respect of the approval of the resolutions will be conducted by way of a poll.
- (7) As at the date hereof, the board of directors of the Company 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.