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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)**

## **EXECUTION OF CAPITALISATION AGREEMENT**

Reference is made to the announcement of Amax Holdings Limited (the “**Company**”) dated 7 February 2012 and 27 February 2012 and the circular of the Company dated 9 February 2012 (the “**Circular**”). Unless otherwise specified, terms used herein shall have the same meanings as defined in the Circular.

On 27 February 2012, the Company announced that the ordinary resolution in relation to the execution of the Agreement was duly passed by way of poll at the SGM held on 27 February 2012.

The Board is pleased to announce that on 16 March 2012, the Company, the Associate and other existing shareholders of the Associate entered into the Agreement in respect of the Capitalisation, all major terms of which have been set out in the Circular. By executing the Agreement, the Company confirmed and acknowledged 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%. The Board is of the view that the Company is holding 24.8% in the Associate as at the date of this announcement.

According to the Company’s internal assessment and discussion with its auditor, Baker Tilly Hong Kong Limited (“**Baker Tilly**”), (i) a decrease of 52% in the net profit of the Group for the year ended 31 March 2011 and a decrease of 41% in the net assets of the Group as at 31 March 2011; and (ii) a decrease of 50% in the net profit of the Group for the six month period ended 30 September 2011 and a decrease of 43% in the net assets of the Group as at 30 September 2011, are derived from the Capitalisation. Accordingly, the prior year figures in the consolidated financial statements for the financial year ending 31 March 2012 in relation to the share of results of the Associate and the interests in the Associate would be restated by way of prior year restatements. The Company has discussed this proposed accounting treatment with Baker Tilly, and Baker Tilly considered that this seems consistent with the generally accepted accounting principles in Hong Kong. However, the accounting treatment for the financial impact of the Capitalisation will be finalised in the audit to be conducted on the Group’s financial statements for the financial year ending 31 March 2012.

\* *for identification purpose only*

According to the Associate, it is still preparing the relevant documents and information in respect of the Proposed IPO and the Company will issue further announcement to update the shareholders and the investors on the progress as and where appropriate.

By order of the Board  
**Amax Holdings Limited**  
**Ng Chi Keung**  
*Executive Director*

Hong Kong, 16 March 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.*