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Amax Entertainment Holdings Limited

澳瑪娛樂控股有限公司*

(Formerly known as “A-Max Holdings Limited”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

PROPOSED SHARE PREMIUM CANCELLATION

The Board announces that the Company proposes to effect the Share Premium Cancellation by way of cancellation of the entire amount standing to the credit of the share premium account of the Company and the elimination of all the accumulated losses of the Company. Upon the Share Premium Cancellation becoming effective, all the previous accumulated losses of the Company will be eliminated.

An SGM will be convened and held for the Shareholders to consider and, if though fit, pass a special resolution to approve the Share Premium Cancellation.

A circular containing, among other matters, information regarding the Share Premium Cancellation together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

PROPOSED SHARE PREMIUM CANCELLATION

The Board announces that the Company proposes to effect the Share Premium Cancellation by way of cancellation of the entire amount standing to the credit of the share premium account of the Company and the elimination of all the accumulated losses of the Company. As at the date of 31 March 2008, the amount standing to the credit of the share premium account of the Company was approximately HK\$3,768,398,966 and the amount of previous accumulated losses was approximately HK\$1,548,489,821.

Pursuant to the Share Premium Cancellation, it is proposed that the entire amount standing to the share premium account of the Company be cancelled, with part of the credit arising therefrom being applied towards the elimination of the previous accumulated losses and the remaining balance in the amount of HK\$2,219,909,145 being credited to the contributed surplus account of the Company. Upon the Share Premium Cancellation becoming effective, all the previous accumulated losses of the Company will be eliminated.

The Share Premium Cancellation does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in nominal value of the Shares or trading arrangements in respect of the Shares. Other than the necessary expenses to be incurred in relation to the implementation of the Share Premium Cancellation, the Board considers that the implementation will not affect the underlying assets, business operations, management or financial position of the Company.

CONDITIONS

The Share Premium Cancellation is conditional upon:

- (a) the passing of a special resolution by the Shareholders at the SGM to approve the Share Premium Cancellation and the transactions contemplated thereunder; and
- (b) compliance by the Company with the requirements of section 46(2) of the Companies Act.

Subject to fulfillment of the conditions set out above, the Share Premium Cancellation is expected to become effective on the date of passing the special resolution by the Shareholders at the SGM to approve the Share Premium Cancellation.

An SGM will be convened and held for the Shareholders to consider and, if though fit, pass a special resolution to approve the Share Premium Cancellation. To the Directors' best knowledge, information and belief, no Shareholders have a material interest in the Share Premium Cancellation and no Shareholders are required to abstain from voting on the relevant resolution approving the Share Premium Cancellation at the SGM.

REASONS FOR THE SHARE PREMIUM CANCELLATION

The accumulated losses as shown in the latest audited financial statements of the Company for the year ended 31 March 2008 amounted to approximately HK\$1,548,489,821. Upon the Share Premium Cancellation becoming effective, all the previous accumulated losses of the Company will be eliminated and the Company will have the flexibility to declare dividends to the Shareholders from future profits of the Company. As such, the Directors consider that the Share Premium Cancellation is in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has not yet declared any future dividends. Even in circumstances where the Share Premium Cancellation becomes effective, there can be no assurance that a dividend will be declared or paid in future.

GENERAL

A circular containing, among other matters, information regarding the Share Premium Cancellation together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Amax Entertainment Holdings Limited (formerly known as “A-Max Holdings Limited”), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened and held to consider and, if appropriate, to approve the Share Premium Cancellation
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Premium Cancellation”	the reorganisation of the share capital structure of the Company by way of cancellation of the entire amount standing to the credit of the share premium account of the Company and the elimination of all the accumulated losses of the Company as disclosed in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawfully currency of Hong Kong

By order of the Board
Amax Entertainment Holdings Limited
(Formerly known as “A-Max Holdings Limited”)
Cheung Nam Chung, Brian
Chairman

Hong Kong, 4 August 2008

As at the date of this announcement, the board of Directors comprises Mr. Cheung Nam Chung, Brian, Mr. Chan Ying Tat, Ted, Mr. Chan Chi Yuen, Mr. Lam Cheok Va, Francis and Ms. Li Wing Sze being the Executive Directors, and Mr. Chan Chiu Hung, Alex, Mr. Lee Tsz Hong and Mr. Ng Wai Hung being the Independent Non-executive Directors.

* For identification purpose only