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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) DEMAND OF REPAYMENT OF THE LOAN GRANTED TO AMA AND PROFIT OWED TO THE GROUP UNDER THE PROFIT TRANSFER AGREEMENTS;
(2) PROFIT WARNING; AND
(3) LETTER OF INTENT IN RESPECT OF A POSSIBLE COOPERATION AGREEMENT TO PROMOTE ASIAN CASINO GAMING BUSINESS**

The Board wishes to announce that the Board has resolved to demand for repayment of the loan granted to AMA and the outstanding profit owed to the Group. AMA has provided the Company the AMA Undertaking to upstream a profit of HK\$30 million by 3 installments starting from late April 2010 till late June 2010 and a letter of personal guarantee signed by Ms. Chen Mei Huan, the shareholder and the director of AMA for guaranteeing the performance of AMA under the AMA Undertaking.

The Board also announces that the results of the Group for the financial year ending 31 March 2010 will be materially and adversely affected mainly by the recognition of the impairment losses of the available-for-sale financial assets and impairment loss on receivables from AMA as a result of the failure of AMA to upstream the outstanding profit owed to the Group.

On 19 March 2010, the Company and a South Korea Company entered into the LOI in relation to a possible cooperation agreement to promote Asian Casino Gaming Business. The LOI, which is non-legally binding (save for confidentiality and termination provisions), may or may not lead to the entering of a formal agreement and the transactions contemplated thereunder may or may not take place.

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

This announcement is made by Amax Holdings Limited pursuant to Rule 13.09 of the Listing Rules. Reference is also made to the announcements (the “**Announcements**”) of the Company dated 10 September 2007, 20 February 2008, 30 April 2008 and 24 January 2010. Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

DEMAND OF REPAYMENT OF THE LOAN GRANTED TO AMA AND PROFIT OWED TO THE GROUP UNDER THE PROFIT TRANSFER AGREEMENTS

As disclosed in the announcement of the Company dated 10 September 2007, the Company entered into a conditional loan agreement with Ace High on 23 August 2007 whereby the Company would provide a term loan facility of up to HK\$3 billion to Ace High which in turn would on-lend the same amount to AMA to operate the junket business in Macau. On 14 December 2007, Ace High provided a HK\$1.9 billion loan (the “**Loan**”) under the First Profit Transfer Agreement to AMA which started its junket business on 15 December 2007. Upon capitalisation part of the loan dated 20 February 2008, Ace High then subsequently became a wholly owned subsidiary of the Company.

As disclosed in the Announcements, Ace High entered into the First Profit Transfer Agreement and Second Profit Transfer Agreement with AMA on 10 September 2007 and 29 April 2008 respectively (together as the “**Profit Transfer Agreements**”) after AMA, a junket license holder to carry out junket business in Macau, has entered into the Gaming Promotion Agreement with the Gaming Operator on 21 August 2007 whereby AMA has been appointed to market and promote the Altira Macau and to introduce and bring gaming players to play at Altira Macau through its collaborators under the Gaming Intermediary Agreements. In return, AMA is entitled to commission for the services rendered under the Gaming Promotion Agreement. The profit generated under the Gaming Promotion Agreement is shared between the Company and AMA on 80:20 basis under the Profit Transfer Agreements. For further details of the arrangement between AMA and Ace High under the Profit Transfer Agreements, please refer to the Announcements.

In breach of the Profit Transfer Agreements, AMA is unable to act on the request of the Company to transfer the outstanding profit for the financial year 2008/2009. Furthermore, without the prior consent of Ace High, AMA had entered into a revocation agreement and a series of other agreements with the Gaming Operator on 23 December 2009 which led to a material change to the business operation mode between Ace High, AMA and the Gaming Operator. In light of the breach of contractual obligations under the Profit Transfer Agreements by AMA, the Board has resolved to demand for repayment of the loan granted to AMA and the outstanding profit owed to the Group. After further arm’s length negotiations, AMA has provided the Company an undertaking (the “**AMA Undertaking**”) to upstream a profit of HK\$30 million by 3 installments starting from late April 2010 till late June 2010 and a letter of personal guarantee signed by Ms Chen Mei Huan, the shareholder and the director of AMA for guaranteeing the performance of AMA under the AMA Undertaking. It is further expected a formal deed of guarantee will be executed by Ms Chen Mei Huan in favour of the Group in due course to secure the performance of AMA under the AMA Undertaking.

Further announcement(s) will be made by the Company as and when appropriate in respect of the recovery of the loan granted to AMA and the outstanding profit owed to the Group.

PROFIT WARNING

Despite the AMA Undertaking, such recovery of the loan and the outstanding profit will have an adverse impact on the sufficiency of cash flow of the Company and the Group may be subject to the views of the Board and the auditors have to write off the loan granted to AMA, which is currently classified as available-for-sale financial assets in the statement of financial position of the Group. It is expected that such write-off will lead to substantial loss for the financial year ending 31 March 2010. As shown in the interim report of the Company for the six months ended 30 September 2009 and the annual report of the Company for the year ended 31 March 2009 respectively, the fair value of the available-for-sale financial assets amounted to approximately HK\$605,022,000 as at 30 September 2009 and approximately HK\$2,095,268,000 as at 31 March 2009.

As the cash flow of the Company mainly relied on the 80% profit generated under the Profit Transfer Agreements with AMA, the cash flow status will be adversely affected by the failure of timely payment of outstanding profit from AMA.

The Board therefore wishes to announce that the results of the Group for the financial year ending 31 March 2010 will be materially and adversely affected mainly by the recognition of the impairment losses on the available-for-sale financial assets and impairment loss on receivables from AMA as a result of the failure of AMA to upstream the outstanding profit owed to the Group.

However, the Board would like to highlight that under the Share Subscription Agreement dated 20 March 2009, in order to secure the Company's interest under the Profit Transfer Agreements, the Company has the right to set off against the face value of the promissory notes held by Mr. Ng Man Sun, a substantial shareholder and consultant of the Company of up to HK\$600 million should AMA incur actual provision for bad debt of more than HK\$50 million in the audited financial statement for the year ended 31 March 2010. In the event of such set off, the financial impact to the Company would be lower as a result of such debt reduction.

As the results of the Group for the year ending 31 March 2010 have not been prepared and the exact amount of such losses is subject to confirmation with the auditors of the Company, the Board is not in a position to quantify the exact financial effects at this stage.

POSSIBLE COOPERATION AGREEMENT TO PROMOTE CASINO GAMING BUSINESS IN ASIA

On 19 March 2010, the Company and a South Korea Company entered into a Letter of Intent (the "LOI") in relation to a possible cooperation agreement to promote Asian Casino Gaming Business. Upon entering into a formal agreement, a special purpose vehicle (the "SPV") will be set up by both parties to procure gaming projects in countries like South Korea and the Philippines and the Company will provide management and marketing expertise in the gaming industry to the SPV.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the South Korea Company and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

The LOI, which is non-legally binding in nature (save for confidentiality and termination provisions), may or may not lead to the entering of a formal agreement and the transactions contemplated thereunder may or may not take place. The entering into of the formal agreement may constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules and the Company will comply with relevant requirements set out in the Listing Rules upon the entering into of the formal agreement.

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

By order of the Board
Amax Holdings Limited
Cheung Nam Chung
Chairman

Hong Kong, 31 March 2010

As at the date of this announcement, the Board of Directors comprises Mr. Cheung Nam Chung, Ms. Li Wing Sze, Mr. Li Kin Ho and Mr. Victor Ng being the executive Directors, Mr. Leung Kin Cheong, Laurent and Mr. Lau Dicky being the non-executive Directors and Attorney Lorna Patajo Kapunan, Mr. Chan Chiu Hung, Alex, Mr. Cheng Kai Tai, Allen, Mr. Fang Ang Zhen and Professor Zeng Zhong Lu being the independent non-executive Directors.