



The board of directors (the "Directors") of A-Max Holdings Limited (the "Company") is pleased to report the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The Group's turnover for the period ended 30 September 2003 amounted to HK\$42,693,000 (2002: HK\$3,785,000), representing a significant increase of 1,028% as compared with last period. The significant increase of turnover was mainly due to the fast recovery of LCD business and commencement of OEM/ODM manufacturing for certain major brand name customers. The Group's turnover is expected to increase significantly in the near future. Net loss attributable to shareholders amounted to HK\$3,544,000 (2002: net profit of HK\$333,149,000).

As at 30 September 2003, total assets and net assets of the Group were HK\$179,902,000 (31 March 2003: HK\$156,554,000) and HK\$141,485,000 (31 March 2003: HK\$114,499,000) respectively, representing an increase of 14.9% and 23.6% respectively as compared with 31 March 2003.

On the other hand, as at 30 September 2003, the Group's consolidated shareholders' funds was HK\$141,485,000, compared with the balance of HK\$114,499,000 as at 31 March 2003.

With the extensive experiences and efforts of our new management team, the Group is pleased to see a strong growth in turnover and operating cash flows during the period under review. The Directors are confident that the new OEM/ODM businesses will be able to contribute significantly in terms of turnover and profitability over the periods to come. The Group's world-class manufacturing facilities, expanding global sales network, and alliances with strategic partners have weaved the solid platform for the Group to pursue further growth and profitability.

Liquidity and Financial Resources

As at 30 September 2003, the gearing ratio of the Group, calculated as a ratio of total interest-bearing borrowings to total assets, had significantly improved to approximately 12.1% (2002: 28.0%). Further, the Group had total cash on hand amounted to HK\$3,781,000 as at 30 September 2003.

The management believes that the existing financial resources are sufficient for its current expansion plan. If the Group requires additional funding to capture business opportunities that may arise in the future, the management believes that the Group will be able to obtain financing at favourable terms.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Convertible Notes

During the period under review, the remaining balances of HK\$20.5 million convertible notes were fully converted into shares. As a result, the capital base of the Group were further strengthened.

Interim Dividend

The Directors do not recommend any interim dividend for the six months ended 30 September 2003.

Investments

The Group had no significant investments held as at 30 September 2003.

Employees and Remuneration Policy

As at 30 September 2003, the Group employed a total of approximately 1,000 employees. They were remunerated according to the nature of job and market condition. Other employee benefits available for eligible employees included period-end payment, staff canteen, mandatory provident fund, share option and medical insurance scheme.

Foreign Exchange and Currency Risks

Since most of the revenue generated from the sale of products and the payment for purchases of materials, components, equipment and salaries are either made in Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, no use of financial instruments for hedging purposes is considered necessary and the exposure to exchange rate fluctuations is minimal.

Contingent Liabilities

As at 30 September 2003, the Company had no significant contingent liabilities.

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2003, the Directors have no interest in the share capital of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance").

DIRECTORS' RIGHTS TO ACQUIRE SHARES

No options had been granted to any of the Directors during the period and at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Company's Directors, their respective spouses, or children under 18 years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.