

Dear Shareholders,

On behalf of the board of directors, I am pleased to present our annual report for the year ended 31 March 2004 of A-Max Holdings Limited (the "Company") and its subsidiaries (together the "Group").

RESULTS OF THE YEAR

During the financial year under review, the net loss attributable to shareholders was approximately HK\$10.6 million, comparing to the net profit of approximately HK\$321.7 million for the last financial year. The turnover of the Group was approximately HK\$92.8 million representing an increase of 808% as compared with that of last financial year.

DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of dividend for the year ended 31 March 2004 (2003: Nil).

BONUS ISSUE OF SHARES

The Directors are pleased to propose a bonus issue of shares of HK\$0.001 each, on the basis of 1 share for every 1 share held by the shareholders whose names appear on the register of members of the Company on 11 September 2004.

BUSINESS REVIEW AND PROSPECTS

The past year presented a considerable challenge to most of the manufacturers in the liquid crystal display (the "LCD") and electronics industries. We are delighted to see a strong recovery in the sectors, and able to register a strong growth, a triple digit increase, in our turnover. Nevertheless, the bottleneck in the supply of certain electronic components and LCD materials had limited our growth and delayed our shipments of goods to customers. The orders on hand have been accumulating as a result.

Thanks to the strong rebound in the electronics consumer products market in the past year, the demands for our LCDs and LCD modules are very substantial as a result. The trend of growth is expected to continue in the future. However, the market wide shortage of components and materials could still be a hinder.

Our top priority in research and development ("R&D") efforts and capital investments in plant and machinery have paid off through having secured first batch of substantial manufacturing contracts for the productions of advanced electronic toys for certain leading Japanese brands on OEM basis. Orders for several new models of electronic customer products are in negotiations, and are expected to conclude in the near future. Hence, expanding R&D capabilities and capital investments would be necessary.

In the coming year, the Group will step up its efforts to re-allocate the resources to higher-margin products and customers, with a view to strengthen the growth and profitability potential. We will also seek to reduce costs through implementing a series of effective cost control measures, and secure a more stable and lower-cost supply of parts and materials. The global economic recovery has contributed to management's optimistic view of the Group's overall performance over the years to come.

APPRECIATION

We are thankful to everyone connected to the success of the Group. I would like to extend my sincerest gratitude to our shareholders, management team, customers and business partners for their continued support and confidence in the Group.

Ng Wai Fong, Wendy
Chairperson

Hong Kong, 26 July 2004