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## IMPORTANT

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in A-Max Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in A-Max Holdings Limited.

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**A-MAX HOLDINGS LIMITED**  
**奧瑪仕控股有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 959)**

**MAJOR TRANSACTION**  
**RELATING TO**  
**GREEK MYTHOLOGY (MACAU) ENTERTAINMENT**  
**GROUP CORPORATION LIMITED**

**Financial adviser to A-Max Holdings Limited**



**SUN HUNG KAI INTERNATIONAL LIMITED**

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A letter from the Board is set out on pages 4 to 22 of this circular.

A notice convening a special general meeting of the Company to be held at Room 3078 Diamond Square, 3rd Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 13 March 2006 at 11:00 a.m. is set out on pages 92 to 93 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting (or any adjourned meeting thereof) should you wish to do so.

\* *For identification purposes only*

17 February 2006

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## DEFINITIONS

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*Unless the context otherwise requires, the following terms and expressions used in this circular shall have the following meanings:*

“Acquisition”	the acquisition by the Company of the Sale Shares
“Announcement”	the announcement dated 8 November 2005 issued by the Company in relation to the Acquisition
“associate”	has the meaning given that term in the Listing Rules
“Board”	the board of Directors
“Company”	A-Max Holdings Limited, a company incorporated with limited liability in Bermuda, the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place
“connected person”	has the meaning given that term in the Listing Rules
“Consideration Shares”	1,074,732,630 Shares to be allotted and issued by the Company to satisfy part of the consideration for the Sale Shares in accordance with the Sale and Purchase Agreement
“Convertible Notes”	the convertible notes which were approved by the Shareholders in the special general meeting of the Company held on 26 March 2004. At the Latest Practicable Date, convertible notes amounted to HK\$2,800,000 are outstanding
“Convertible Notes Transfer Agreement”	the agreement dated 15 February 2006 entered into between the Vendor and Topwood International Limited on the transfer of the Convertible Notes
“Director(s)”	the director(s) of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortisation, a measure of financial performance
“Enlarged Group”	the Group immediately after Completion

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## DEFINITIONS

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“Greek Mythology”	Greek Mythology (Macau) Entertainment Group Corporation Limited (formerly known as Greek Mythology (Macau) Entertainment Group Limited), a company incorporated in Macau and was owned as to approximately 19.9% by the Company as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Vendor and his associates
“Issue Price”	the price of HK\$0.56 per Share
“Latest Practicable Date”	16 February 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2006 or such other date as the Vendor and the Company may agree in writing
“MOP”	Macau pataca, the lawful currency of Macau
“PRC”	the People’s Republic of China (for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region and Taiwan)
“Sale and Purchase Agreement”	the agreement dated 8 November 2005 entered into between the Vendor and the Company in respect of the Acquisition
“Sale Shares”	724 shares of MOP1,000 each in Greek Mythology, representing approximately 30% in the issued share capital of Greek Mythology, held by the Vendor
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Acquisition

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## DEFINITIONS

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“Share(s)”	shares of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given that term in the Listing Rules
“Vendor”	Mr. Ng Man Sun, who was interested in approximately 9.68% of the issued share capital of the Company as at the Latest Practicable Date
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

*For the purpose of this circular, the exchange rate between HK\$ and MOP is calculated at HK\$1.00 = MOP1.03.*



**A-MAX HOLDINGS LIMITED**  
**奧瑪仕控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

*Executive Directors:*

Mr. Chan King Ming (*Chairman*)

Mr. Lam Cheok Va, Francis

Mr. Chan Chi Yuen

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent non-executive Directors:*

Mr. Chan Chiu Hung, Alex

Mr. Ng Wai Hung

Mr. Cham Yiu Keung

*Head office and principal place  
of business:*

Room 11-12

32/F Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

17 February 2006

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
RELATING TO  
GREEK MYTHOLOGY (MACAU) ENTERTAINMENT  
GROUP CORPORATION LIMITED**

**INTRODUCTION**

The Company announced on 8 November 2005 that it had entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company has conditionally agreed to purchase the Sale Shares, representing approximately 30% interest in Greek Mythology, from the Vendor for HK\$2,056,572,380. Such consideration will be satisfied (i) as to HK\$601,850,273 by the issue of the Consideration Shares, being 1,074,732,630 Shares, at the Issue Price of HK\$0.56 per Share, and (ii) as to the balance of HK\$1,454,722,107 by the issue of a 10-year zero-interest promissory note by the Company to the Vendor.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The Consideration Shares have an aggregate market value of approximately HK\$601,850,273 (calculated on the basis of HK\$0.56 per Share with reference to the closing price of the Shares on the Stock Exchange on 2 September 2005, being the date of suspension of trading in the Shares prior to the Announcement). Based on the closing price of the Shares on 2 September 2005 of HK\$0.56 per Share, the market value attached to the Acquisition (i.e. the market value of the Consideration Shares and the 10-year zero-interest promissory note to be issued to the Vendor) is approximately HK\$2,056,572,380.

**The Stock Exchange is concerned that the ultimate intention of the Company and the Vendor is to inject a business into a listed company which is under the Vendor's control. The Stock Exchange will closely monitor all future transactions, if any, between the Company and the Vendor and may aggregate such transactions and decide whether the reverse takeover rule should apply. The Stock Exchange may also revisit this matter in the event that there is information available to indicate that the Company is under the control of the Vendor. Shareholders and potential investors should also note that the Acquisition, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

The purpose of this circular is to provide you with, among others, (i) further details of the Acquisition, (ii) financial information on the Group and Greek Mythology, and (iii) a notice convening the SGM.

### THE SALE AND PURCHASE AGREEMENT

#### Date

8 November 2005

#### Parties

- (i) Purchaser : The Company
- (ii) Vendor : Mr. Ng Man Sun, who is a merchant engaged primarily in the gaming, entertainment, transportation and hotel industries. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendor is not a connected person of the Company under the Listing Rules.

#### Subject matter of sale and purchase

The Sale Shares, representing approximately 30% of the issued share capital of Greek Mythology. Greek Mythology manages one of the newest and largest casinos in Macau. As at the Latest Practicable Date, the Company was interested as to approximately 19.9% in the issued share capital of Greek Mythology. Upon Completion, the Company's interest in Greek Mythology would be increased to approximately 49.9%. Further information on Greek Mythology are set out in the paragraph headed "Information on Greek Mythology" below.

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## LETTER FROM THE BOARD

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### Consideration

The consideration for the Sale Shares is HK\$2,056,572,380 and will be satisfied at Completion as follows:

1. as to HK\$601,850,273 by the issue of the Consideration Shares based on HK\$0.56 per Share (i.e. the market value of the Consideration Shares, representing approximately 28.66% of the existing issued Shares and approximately 22.28% of the Shares as enlarged by the issue of the Consideration Shares); and
2. as to the balance of HK\$1,454,722,107 by the issue of a 10-year zero-interest promissory note by the Company to the Vendor. The promissory note is payable on demand on the tenth year of the date of issue of the promissory note. The noteholder has the right to demand immediate payment if there occurs any situation which in the opinion of the noteholder may cause a material adverse change in the financial condition of the Company or that the ability of the Company to perform its obligation under the promissory note may be materially and adversely affected.

Based on the closing price of the Shares of HK\$0.56 per Share on 2 September 2005 (being the date of suspension of trading in the Shares prior to the Announcement), the market value attached to the Acquisition is approximately HK\$2,056,572,380.

### *Consideration Shares*

The consideration as to HK\$601,850,273 is payable by the issue of Consideration Shares at the Issue Price. The Consideration Shares represents approximately 28.66% of the existing issued Shares and approximately 22.28% of the Shares as enlarged by the issue of the Consideration Shares. The Directors consider that although the issue of the Consideration Shares as part of the consideration would potentially dilute existing Shareholders' percentage interest in the Company, the issue of the Consideration Shares, which enables the Group to avoid incurring substantial cash outlay while acquiring a business with growth prospect, is beneficial to the Company and the Shareholders as a whole. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

### *Zero-interest promissory note*

The remaining balance of approximately HK\$1,454,722,107 payable by the issue of a 10-year zero-interest promissory note by the Company is payable on demand on the tenth year of the date of issue of the promissory note.

The consideration has been determined after arm's length negotiations with reference to the leading position, well-established brand, business potential and growth prospect of Greek Mythology. According to the audited accounts of Greek Mythology, which commenced business on 23 December 2004, for the period from 13 September 2004 (date of incorporation)



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## LETTER FROM THE BOARD

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to 30 November 2005, the turnover, the EBITDA and the net profit attributable to shareholders was approximately HK\$624.7 million, HK\$389.1 million and HK\$317.7 million respectively. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

### **The Issue Price**

The Issue Price was determined by the parties after arm's length negotiation on normal commercial terms. The Issue Price of HK\$0.56 per Share for the Consideration Shares represents:

1. the closing price of the Shares on the Stock Exchange on 2 September 2005, being the date of the suspension of trading in the Shares prior to the Announcement;
2. a premium of approximately 12.22% from approximately HK\$0.499, the average closing price of Shares on the Stock Exchange for the last 10 trading days prior to the suspension of trading in the Shares prior to the Announcement;
3. a premium of approximately 33.33% from approximately HK\$0.420, the average closing price of the Shares on the Stock Exchange for the last 30 trading days prior to the suspension of trading in the Shares prior to the Announcement;
4. a premium of approximately 5.86% from approximately HK\$0.529, the net asset value per Share of the Group as at 31 March 2005 (i.e. the latest balance sheet date); and
5. a premium of approximately 93.10% from HK\$0.290, the closing price of the Shares on the Stock Exchange on the Latest Practicable Date.

Based on the above-mentioned comparisons of values, the Directors (including the independent non-executive Directors) are of the view that the Issue Price is fair and reasonable so far as the Company and the Shareholders are concerned.

The Consideration Shares have an aggregate market value of approximately HK\$601,850,273 (calculated on the basis of HK\$0.56 per Share with reference to the closing price of the Shares on the Stock Exchange on 2 September 2005, being the date of suspension of trading in the Shares prior to the Announcement) and have no restrictions on subsequent sale of such Shares.

### **Conditions precedent**

Completion is subject to the fulfillment of, among others, the following conditions:

1. the approval by the Independent Shareholders in general meeting by way of a poll of (a) the Acquisition, and (b) the allotment and issue of the Consideration Shares;

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## LETTER FROM THE BOARD

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2. if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any of the transactions contemplated under the Sale and Purchase Agreement;
3. the Vendor having complied fully with his obligations under the warranties under the Sale and Purchase Agreement;
4. the Vendor and his connected persons will not hold the Convertible Notes upon Completion;
5. the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares; and
6. (if required) the Bermuda Monetary Authority granting its permission to the allotment and issue of the Consideration Shares.

To the best of the Directors' knowledge and belief, no consent is necessary from any third parties or the Macau government/authorities for the execution and performance of the Sale and Purchase Agreement by the Company, the Vendor or Greek Mythology. The Directors also confirmed that conditions 4 and 6 have been satisfied. As at the Latest Practicable Date, none of the other conditions has been fulfilled (except those satisfied).

**Shareholders should be aware of the potential dilution effect on their shareholding in the Company upon conversion of the Convertible Notes. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

### **Completion**

Completion will take place within the same business day after all the conditions precedent have either been fulfilled or waived. The Company has the right to waive only condition 3 (the compliance with the warranties) above prior to Completion. The Company has no present intention to waive such condition. The Company will make further announcement if such condition is waived. If any of the conditions precedent to Completion has not been fulfilled (or waived) by the Long Stop Date (or such later date as the parties to the Sale and Purchase Agreement may agree in writing), the Sale and Purchase Agreement will lapse and all obligations and liabilities of all parties will cease except for antecedent breaches. Pursuant to the Sale and Purchase Agreement, the original Long Stop Date was fixed at 18 January 2006, which has been extended by the parties in writing to 31 March 2006. The Company will make further announcement if there is any further changes to the Long Stop Date.

Upon Completion, the Company will be interested in approximately 49.9% of the issued share capital of Greek Mythology and Greek Mythology will be accounted for as an associated company of the Group, and the Company has no present intention to participate in the day-to-day management of Greek Mythology after Completion. The Vendor will not be

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## LETTER FROM THE BOARD

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appointed as a Director and the Vendor has no present intention to nominate any representative to the Board after Completion and the Company has no present intention to make any material change to the composition of the Board.

### **Information on the Vendor**

The Vendor has over 30 years of gaming experiences obtained in Macau and the Philippines. As at the Latest Practicable Date, the Vendor is interested as to 60.1% in Greek Mythology and as to 80% in Macau Hotel Developers Limited, the owner of the New Century Hotel. Other than gaming related business, the Vendor is also interested as to 90% in Hong Kong North West Express Limited, a Hong Kong company engaged principally in cross-border ferry services.

The Vendor, together with the other directors of Greek Mythology, will upon Completion continue to be responsible for the day-to-day management of Greek Mythology. As the Vendor will be principally devoting his time to the management of Greek Mythology and his other business interests, the Vendor has confirmed with the Company that he has no present intention to seek directorship in the Company.

The Vendor has no fixed practice on whether or not to seek directorship in companies that he has interests. He is a director in Macau Hotel Developers Limited and Greek Mythology but not in Hong Kong North West Express Limited. Given the Company is listed on the Main Board of the Stock Exchange and that major actions of the Company, including but not limited to entering into major or very substantial transactions, would require approvals from the Shareholders pursuant to the Listing Rules, and that the Company is required to make timely disclosure of information relating to the Group, the Vendor considers that his interest in the Company would be sufficiently protected through the exercise of his shareholder's rights in the Company and confirmed that he has no present intention to seek directorship in the Company or nominate any representatives to the Board of the Company.

### **Management of the Company**

The Company has no intention to nominate any representatives to the board of directors of Greek Mythology. As at the Latest Practicable Date, Mr. Chan King Ming, an executive Director and the chairman of the Company, is also a director and vice president of Greek Mythology, a director of Hong Kong North West Express Limited and the deputy general manager of the New Century Hotel. Mr. Chan will abstain from voting on any issues which is or may be in conflict with the interest of the Company. Mr. Chan was first appointed as a Director by the previous Board on 21 January 2005 for his 30 years of experience in the management of hotel and casino which was considered essential to assist the Company with the management of its investment in Macau. Except for his common directorship with the Vendor in Greek Mythology, Mr. Chan has no other relationship with and is independent of the Vendor. Mr. Chan has no shareholding in each of Macau Hotel Developers Limited, Greek Mythology and Hong Kong North West Express Limited. Save for the remuneration received for his positions as deputy general manager of the New Century Hotel and a Director of the Company,

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## LETTER FROM THE BOARD

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Mr. Chan does not receive any remuneration for his positions in Greek Mythology or Hong Kong North West Express Limited. Since his appointment as a Director in January 2005, Mr. Chan stations mainly in Hong Kong, and has primarily devoted the majority of his time to the affairs of the Company with the balance of his time mostly spent on the business of New Century Hotel. Mr. Chan is principally responsible for formulating the overall business strategy, strategic planning and business development of the Group. He is usually not required to attend to the business of Greek Mythology or Hong Kong North West Express Limited on a day-to-day basis and is only required to attend the management meetings of these companies from time to time. The day-to-day management of the Group's manufacturing operations is the responsibility of the Group's senior staff. Given that Mr. Chan will abstain from voting in the event of conflicts, and he is devoting most of his time to the affairs of the Company, the Directors are of the view that Mr. Chan can discharge his responsibilities as a Director of the Company. The Directors also consider that the strategic planning skill of Mr. Chan and his successful experiences in New Century Hotel and Greek Mythology can be applied to the manufacturing operation of the Group and is important in the management of the operation of the Company, in particular, all are labour intensive businesses. Since his appointment as a Director, Mr. Chan has led the management of the Group to develop the plan to outsource the production of the Group's lower-end lower-margin products to subcontractors in the PRC so that the manufacturing resources of the Group can be more effectively utilised for the production of higher-end higher-margin liquid crystal display ("LCD") products. The continuous losses in the manufacturing operation of the Group were attributed to the rapid increase in oil prices and the prices of the Group's key raw materials and the unstable power supply and escalating labour costs in the PRC in 2005. With the prices of oil and raw materials beginning to stabilise, the Directors expect that the performance of the Group's manufacturing operation will improve. Save for Mr. Chan King Ming, there are no common directors between the Company and Greek Mythology.

The Company confirmed that none of the executive Directors were nominated by any Shareholders. Mr. Lam Cheok Va was nominated by the previous Board to be an executive Director for his rich management experience, in particular his 20 years of experience managing labour intensive manufacturing operations in Macau and overseas, considered essential to the Group. Mr. Chan Chi Yuen, who is a certified public accountant, was nominated by the previous Board to be an executive Director for his finance and accounting experience considered essential to the Group.

### **SHAREHOLDING STRUCTURE BEFORE AND AFTER COMPLETION**

As at the Latest Practicable Date, the Vendor was interested as to approximately 60.1% in the issued share capital of Greek Mythology and was interested as to approximately 9.68% of the Company. As at the date of the Announcement, the Vendor was also interested in the Convertible Notes with a face value of HK\$2,800,000.

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## LETTER FROM THE BOARD

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### **Convertible Notes**

As a condition to the Sale and Purchase Agreement, the Vendor and his associates are required not to hold the Convertible Notes upon Completion. On 15 February 2006, the Vendor entered into the Convertible Notes Transfer Agreement for the transfer of his interest in the Convertible Notes to Topwood International Limited.

### **Terms of the Convertible Notes Transfer Agreement**

#### **Date**

15 February 2006

#### **Parties**

- (i) Purchaser : Topwood International Limited (the “Purchaser”)
- (ii) Vendor : Mr. Ng Man Sun
- (iii) Placing Agent : Tiffit Securities (Hong Kong) Limited (the “Placing Agent”)

#### **Conversion lock-up period**

Pursuant to the Convertible Notes Transfer Agreement, the Purchaser has undertaken to the Placing Agent and the Vendor that it will not exercise any conversion rights attached to the Convertible Notes for a period of six-months from the date of the agreement. All other terms of the Convertible Notes, including the conversion limit that provides that the note holder may only exercise his right of conversion to the extent that his total shareholding in the Company will remain at or below 30% after the relevant exercise, will continue to apply.

The Purchaser is an investment holding company incorporated in the British Virgin Islands for the sole purpose of holding the Convertible Notes and is ultimately beneficially-owned by Ms. Chen Peizhen (“Ms. Chen”). Ms. Chen is principally engaged in the investment of properties in the PRC. Ms. Chen has warranted to each of the Vendor and the Company that the Purchaser and herself are independent of and not connected with the Vendor and the Company and their respective associates. Each of the Company, the Purchaser and Ms. Chen has confirmed that the Purchaser and its beneficial owner do not have any relationships with the Vendor. The Purchaser was introduced to the Vendor by the Placing Agent.

The Company has made inquiry with both the Vendor and the Purchaser (including its beneficial owner) that the Purchaser was independent of and not connected with the Vendor and his associates. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, each of the Purchaser and its beneficial shareholder is not a connected person of the Company, any director, chief executive or substantial shareholders of the Company, any of its subsidiaries or any of their respective associates.

### **Subject matter of the Convertible Notes Transfer Agreement**

The Convertible Notes of the Company with a face value of HK\$2,800,000. Please refer to the circular of the Company dated 11 March 2004 for further details on the Convertible Notes.

## LETTER FROM THE BOARD

### Consideration

The consideration payable by the Purchaser under the Convertible Notes Transfer Agreement was HK\$5,600,000 and has been paid to the Vendor upon the execution of the Convertible Notes Transfer Agreement.

### Completion

Completion for the Convertible Notes Transfer Agreement took place upon the execution of the Convertible Notes Transfer Agreement. The Company has on 15 February 2006 cancelled the certificates of the Convertible Notes registered under the name of the Vendor and issued new certificates of the Convertible Notes to the Purchaser.

After Completion, the Company will monitor future transfers and conversions of the Convertible Notes, including making inquiry on the identity of the note holders and requiring the note holders to sign declarations, where necessary, to ascertain and prevent the Vendor and/or his associates from having any interests in the Convertible Notes. In the event that the Company is not satisfied with the result of its own inquiry, it may consider to obtain opinion from a professional party to ascertain the independence of the note holder in future. The Company may refuse registration of the transfer or conversion of the Convertibles Notes if in its opinion that the Vendor or his associates may be interested in the said transfer or conversion.

**The Vendor is required to provide to the satisfaction of the Stock Exchange documentary evidence of the transfer of the Convertible Notes to independent third parties. In the event that the Vendor failed to provide such documentary evidence, the Stock Exchange may not consider the listing application of the Consideration Shares. In such an event, the Acquisition may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

### Change in shareholding of the Company

Set out below is a summary of the change in the shareholding of the Company as a result of the Acquisition:

Shareholders	Existing		Upon Completion and after the issue of the Consideration Shares (but before the conversion of the Convertible Notes)		Upon Completion and after the issue of the Consideration Shares and assuming full conversion of the Convertible Notes (Note 1)	
	Shares	%	Shares	%	Shares	%
Ng Man Sun	362,946,710	9.68	1,437,679,340	29.80	1,437,679,340	15.05
Conversion share holders	–	–	–	–	4,727,608,766	49.50 (Note 2)
Public	3,386,747,976	90.32	3,386,747,976	70.20	3,386,747,976	35.45
	<u>3,749,694,686</u>	<u>100.00</u>	<u>4,824,427,316</u>	<u>100.00</u>	<u>9,552,036,082</u>	<u>100.00</u>

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## LETTER FROM THE BOARD

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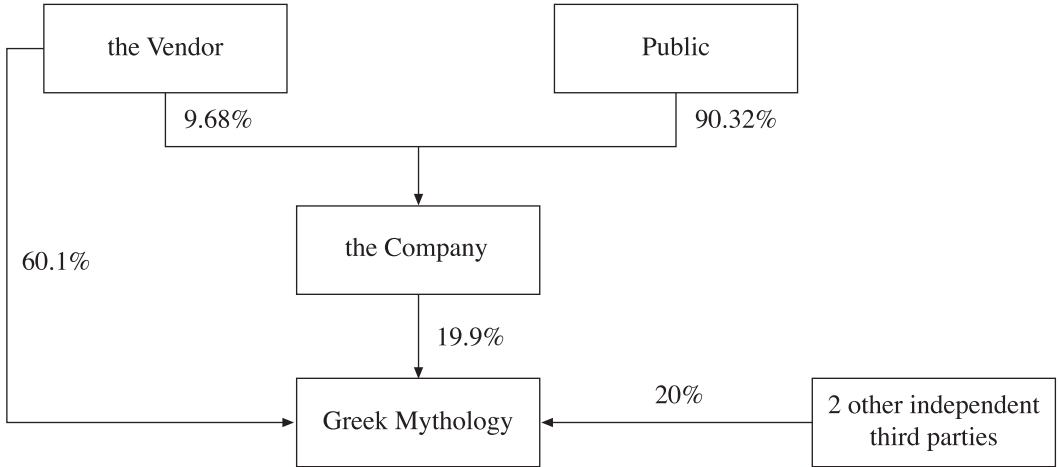
*Notes:*

1. On the basis of the Convertible Notes held by the Vendor were transferred to independent third parties before Completion.
2. The Convertible Notes in the total face value of HK\$2,800,000 are converted on the basis of 5% of the then issued share capital of the Company for each Convertible Note in the principal amount of HK\$200,000. The Convertible Notes will mature in March 2009, being the 5th anniversary of the date of issue of the Convertible Notes. On the basis that the issued share capital of the Company after completion of the Acquisition is 4,824,427,316 Shares, the exercise of the first Convertible Note in the face amount of HK\$200,000 would result in the issue of 241,221,365 conversion shares, representing approximately 5% of the then issued share capital of the Company. Subsequent conversion of each Convertible Note would be on the above basis accumulated to take into account the enlarged issued share capital of the Company after each conversion. On the assumption of Convertible Notes in the face value of HK\$2,800,000 are all converted, an aggregate of 4,727,608,766 conversion shares, representing approximately 49.5% of the enlarged issued share capital of the Company will be issued. The conversion of the Convertible Notes is subject to the condition that no conversion will be allowed and the Company will not issue any Shares if (a) upon such issue, each of the subscriber to the Convertible Note and/or the Convertible Note holder (as the case may be) and its respective parties acting in concert with it will be interested in 30% (or such amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company at the date of the relevant exercise date, or (b) the issue of any Shares will be below the par value of the Shares. For further details on the conversion ratio of the Convertible Notes, please refer to the circular of the Company dated 11 March 2004.

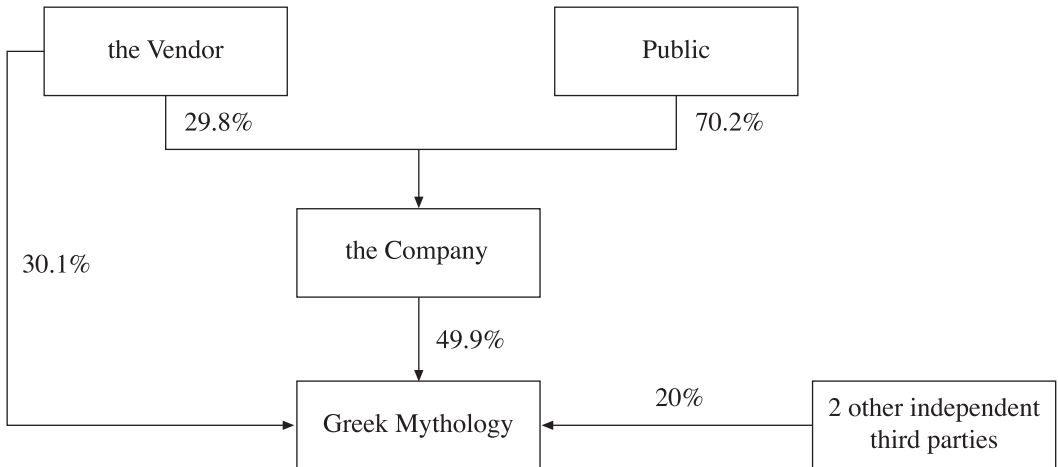
**Shareholders should be aware of the potential dilution effect on their shareholding in the Company upon conversion of the Convertible Notes, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## LETTER FROM THE BOARD

The following chart shows the simplified shareholding structure of the Company immediately before Completion (before the conversion of the Convertible Notes):



The following chart shows the simplified shareholding structure of the Company immediately following Completion (before the conversion of the Convertible Notes). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the two other shareholders of Greek Mythology are independent third parties and not connected persons to the Company. As advised by the Vendor, each of the two other shareholders of Greek Mythology is independent of and not connected with the Vendor, and they have waived their pre-emptive rights to acquire the Sales Shares of the Vendor in Greek Mythology.



The Acquisition will not give rise to an obligation to make a mandatory offer under the Takeovers Code.



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## LETTER FROM THE BOARD

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### INFORMATION ON THE GROUP

The Group is principally engaged in investment holding, manufacture and sale of LCD, LCD modules and LCD electronic consumer products. The Directors are continuously seeking investment opportunities that would offer an attractive return for the shareholders. It has already been demonstrated that the investment in Greek Mythology could strengthen and improve the Group's recurrent income base. In this connection, it is the Company's ultimate intention to further strengthen the earning potential and recurrent income base of the Group while maintaining the manufacturing operation as its principle line of business.

Upon Completion, the Company will be interested in approximately 49.9% of the issued share capital of Greek Mythology and Greek Mythology will be accounted for as an associated company of the Group and the Company will not participate in the day-to-day management of Greek Mythology.

The Group intends to focus its manufacturing operation on the higher-end higher-margin LCD products and outsource the production of the lower-end lower-margin products to subcontractors in the PRC. In order to further develop the LCD manufacturing business of the Group, the Group established representative offices in Japan, Korea and the USA in 2005. These representative offices enable the Group to provide better services to the Group's major overseas customers and allow the Group to better monitor market developments and changes in technological requirements. In November 2005, the Group also added a sales and marketing team in the Hong Kong headquarters to cope with the development program of the Group. The Directors consider that the provision of better customer services and the expansion of the Group's sales and marketing team the keys to the further development of the Group's manufacturing operation. At the same time, the Group successfully secured a term loan facility amounting to HK\$20 million in July 2005 to finance the purchases of raw materials and other manufacturing expenses and further development.

Although the losses from the Group's manufacturing operation has widened to HK\$18.3 million for the year ended 31 March 2005 when compared with HK\$10.6 million for the year ended 31 March 2004, the Directors are of the view that the performance of the Group's manufacturing operation will improve. The Company has since November 2005 introduced cost saving measures by merging certain administrative functions of its manufacturing operations. With the power shortage problem in the PRC beginning to ease off, the Group can now rely more on the cheaper power supply from the public grids and reduce its reliance on the more expensive self-generation power. With the improvement in labour supplies and prices for raw materials and oil beginning to stabilise, and the market development efforts of the Company beginning to take shape, the Directors expect that the performance of the Group's manufacturing operation will improve.

In addition, the Group has since December 2005 begun study on the development of more profitable colour LCD modules and it is expected that the detailed plan on the feasibility of upgrading the existing production facilities of the Group for colour LCD modules production will be ready by the end of February 2006. The Company will maintain manufacturing as its principal line of business with Greek Mythology being treated as an investment of the Company.

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## LETTER FROM THE BOARD

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### INFORMATION ON GREEK MYTHOLOGY

Greek Mythology is a private company established in Macau in September 2004 to engage in the gaming and entertainment business in Macau and did not have any substantial operation before the opening of the casino on 23 December 2004. According to the audited accounts of Greek Mythology, which commenced business on 23 December 2004, for the period from 13 September 2004 (date of incorporation) to 30 November 2005, the turnover, the EBITDA and the net profit attributable to shareholders was approximately HK\$624.7 million, HK\$389.1 million and HK\$317.7 million respectively.

Greek Mythology is principally engaged in the gaming and entertainment business and manages one of the newest and largest casinos (also known as the “Greek Mythology Casino”) in the New Century Hotel, Taipa, Macau and occupies a gross floor area of approximately 160,000 square feet. The gaming activities in the Greek Mythology Casino are primarily table games including baccarat, black-jack, roulette and other traditional Western and Asian games.

The ownership and operation of casino gaming facilities in Macau is unlawful unless the owner/operator has an appropriate concession or sub-concession issued by the Macau Government. The gaming and entertainment activities in the Greek Mythology Casino is operated under the gaming concession of Sociedade de Jogos de Macau, S.A., which owns one of the three gaming concessions in Macau, in the New Century Hotel, Taipa, Macau. Greek Mythology Casino is the only casino located at the New Century Hotel, and Greek Mythology is the only company which is responsible for the management of Greek Mythology Casino.

Before the Greek Mythology Casino commenced business in December 2004, there was another casino in New Century Hotel in Macau which was also managed by the Vendor. Greek Mythology is a separate legal entity and is managed and operated by its directors, including the Vendor. Greek Mythology had entered into a lease agreement with Macau Hotel Developers Limited, the owner of the New Century Hotel, for the leasing of the floor areas occupied by the Greek Mythology Casino. Macau Hotel Developers Limited is owned as to 80% by the Vendor and as to 20% by the controlling shareholder of Sociedade de Jogos de Macau, S.A, an independent third party that has no relationship with either the Company or the Vendor. The Vendor confirmed that he has no relationships with the parties that had exercised the convertible notes of the Company during the year of 2005.

The Company has been advised by A. Baguinho and J.M. Barros, the legal advisers to Greek Mythology as to Macau law, that the operation of Greek Mythology is lawful under the laws and regulation of Macau and the investment by the Company in Greek Mythology are lawful under the laws and regulations of Macau.

The lease agreement entered into between Greek Mythology and Macau Hotel Developers Limited for the space of the Greek Mythology Casino has a term of 8 years, commencing from 10 September 2004 and expiring on 30 September 2012, with an option to renew the lease when all the terms to the lease will be re-negotiated. The monthly rent payable by Greek Mythology under the lease agreement is HK\$2 million. Macau Hotel Developers Limited may increase the rent after the lease agreement has been in effect for 2 years or when the average daily net revenue per gaming table reaches or exceeds HK\$50,000. Since the commencement of business on 23 December 2004 and up to the Latest Practicable Date, the average daily net revenue per gaming table has not reached or exceeded HK\$50,000. As any change in rent will be subject to further negotiation between Macau Hotel Developers Limited and Greek Mythology by

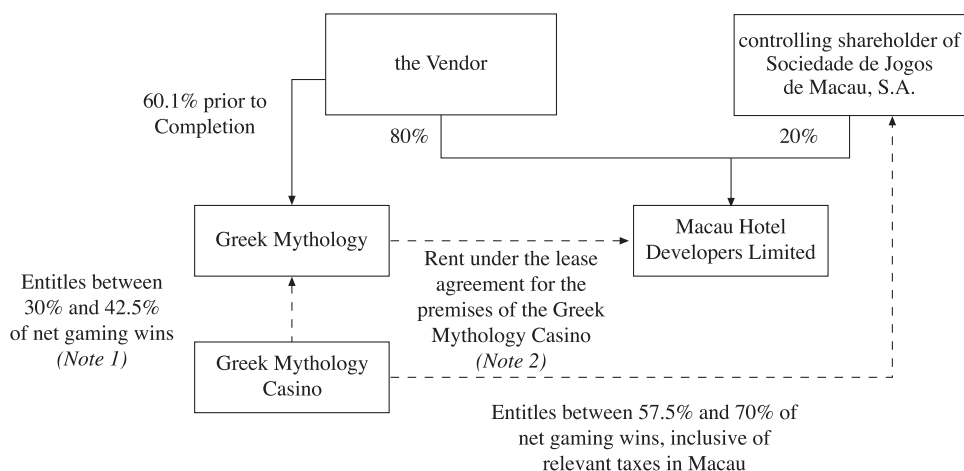
## LETTER FROM THE BOARD

reference to the then market conditions, the rent may or may not change in the future. At the Latest Practicable Date, no specific formula has been fixed by the parties in respect of the increase in rent, and Greek Mythology has no present intention to commence negotiation with Macau Hotel Developers Limited on the formula for the increase in rent.

**As no specific formula has been fixed for the possible increase in rent for the Greek Mythology Casino, there will be uncertainty in the adjustment in rent to be paid by Greek Mythology to Macau Hotel Developers Limited. Independent Shareholders when deciding on the Acquisition should consider the Vendor is a substantial shareholder in both Greek Mythology and Macau Hotel Developers Limited and that there is no objective mechanism to determine rent adjustment that can protect the shareholders of Greek Mythology, including the Company. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

Greek Mythology had also entered into a co-operation agreement with Macau Hotel Developers Limited, pursuant to which Greek Mythology has undertaken to manage the Greek Mythology Casino and assist Macau Hotel Developers Limited with the promotion of hotel services. The co-operation agreement has a term of 10 years, commencing from 1 October 2004 and expiring on 30 September 2014. In return, Greek Mythology is entitled to an agreed rate of between 30% and 42.5% on net gaming wins from the Greek Mythology Casino by reference to the number of gaming tables under its management, with the balance of the net gaming wins being retained by Sociedade de Jogos de Macau for granting the right to use its gaming concession to the Greek Mythology Casino. Sociedade de Jogos de Macau is responsible for the payment of all relevant taxes in Macau for the Greek Mythology Casino.

A summary of the relationships between Greek Mythology, the Vendor, Macau Hotel Developers Limited and Sociedade de Jogos de Macau, S.A. is set out in the diagram below:



*Notes:*

1. Pursuant to the co-operation agreement, Greek Mythology is entitled to between 30% and 42.5% of the net gaming wins of the Greek Mythology Casino. The net gaming wins attributable to Greek Mythology under such arrangement are before its overheads, finance costs and operating expenses including the payment of rent for the Greek Mythology Casino.
2. Pursuant to the lease agreement, Greek Mythology will pay a monthly rent to Macau Hotel Developers Limited. The current rent is fixed at HK\$2,000,000 per month on the basis that the average daily net revenue per gaming table has not reached or exceeded HK\$50,000.

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## LETTER FROM THE BOARD

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The gaming activities in the Greek Mythology Casino will take place outside Hong Kong and the bookmaking transactions and the parties to the transactions are outside Hong Kong. As advised by Sidley Austin, the legal advisers to the Company as to Hong Kong law, the operation of Greek Mythology will not be subject to the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong). The Company will use its reasonable endeavour to ensure that throughout the holding of its investment in Greek Mythology, the operation of Greek Mythology will comply with the applicable laws in the relevant jurisdiction. Shareholders are reminded that, in accordance with the Stock Exchange's guidelines on gambling business, that if the operation of Greek Mythology does not comply with applicable laws in the relevant jurisdictions, the Stock Exchange may, depending on the circumstances of the case, direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, Shares under Rule 6.01 of the Listing Rules. If the Company cannot take the requisite remedial action in the circumstances aforementioned, it is the Company's intention to maintain active trading and listing status of the Shares through the Group's existing business and divest the Group's investment in Greek Mythology in accordance with applicable laws and regulations.

### **Risks associated with the gaming business in Macau**

#### *Loss of concession*

It is illegal to operate a casino in Macau unless the operator has been granted by the Macau Government of an appropriate gaming concession or sub-concession. Greek Mythology currently manages the gaming and entertainment operations under the gaming concession of Sociedade de Jogos de Macau, S.A. in the New Century Hotel, Taipa, Macau. If for any reason that Sociedade de Jogos de Macau, S.A. loses the concession or the concession is not renewed upon its expiry, the operation of Greek Mythology will be adversely affected.

#### *Money laundering*

Macau has in place an anti-money laundering legal framework designed to prevent and combat the processes of disguising or concealing properties or proceeds of illicit origin or derived from illicit activities. Although the Directors believe that the anti-money laundering policy of Greek Mythology is in compliance with the applicable anti-money laundering laws and regulations of Macau, there is no guarantee that the casino operation in the Greek Mythology Casino would not attract criminal elements to use the gaming activities of the casino for money laundering. Should the anti-money laundering policy of Greek Mythology failed to prevent and combat such illegal acts, the reputation and operation of Greek Mythology may be adversely affected.

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECTS OF THE ACQUISITION

#### Assets and liabilities

As at 31 March 2005 and 30 September 2005, the audited net assets of the Group amounted to approximately HK\$1,408.5 million and HK\$1,399.4 million respectively, equivalent to approximately HK\$0.38 per Share and HK\$0.37 per Share respectively based on 3,749,694,686 Shares in issue as at the Latest Practicable Date. Based on the unaudited pro forma balance sheet of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma net assets of the Enlarged Group will be approximately HK\$2,010.4 million or HK\$0.42 per Share based on the enlarged issued share capital of 4,824,427,316 Shares. This represents an increase of approximately 42.7% and 43.7% respectively as compared to the audited net assets of the Group as at 31 March 2005 and 30 September 2005.

#### Profit and loss

The Group recorded an audited consolidated net loss of approximately HK\$18.3 million for the year ended 31 March 2005 and unaudited consolidated net loss of approximately HK\$10.4 million for the six months ended 30 September 2005. Based on the unaudited pro forma income statement of the Enlarged Group for the year ended 31 March 2005 as set out in Appendix III to this circular, the unaudited net profit attributable to equity holders will be approximately HK\$140.2 million, equivalent to approximately HK\$0.029 profit per Share based on the enlarged issued share capital of 4,824,427,316 Shares as compared to the audited consolidated net loss attributable to equity holders for the year ended 31 March 2005 of approximately HK\$0.0049 loss per Share and the unaudited consolidated net loss attributable to equity holders for the six months ended 30 September 2005 of approximately HK\$0.0028 loss per Share, based on 3,749,694,686 Shares in issue as at the Latest Practicable Date.

### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

#### Manufacturing

As at 31 March 2005, the Group had total assets and net assets of approximately HK\$1,471.2 million (2004: HK\$203.0 million) and HK\$1,408.5 million (2004: HK\$136.6 million) respectively. Consolidated shareholders' equity as at year end was approximately HK\$1,408.5 million (2004: HK\$136.6 million). The Directors believe that the existing financial resources are sufficient with the continuing supports from suppliers and lenders.

The LCD and electronic consumer products business reported a 9% year-on-year growth in turnover to approximately HK\$101.1 million (2004: HK\$92.8 million) due to a recovery in market demand and as a result of the Group's proactive business-development efforts over the past year. However, rocketing oil prices that pushed the cost of major raw materials to new heights, coupled with shortages and the unstable supply of labour and electricity in China, continued to put pressure on the segments' performance. Net attributable loss therefore widened to approximately HK\$18.3 million (2004: HK\$10.6 million). With the prices of oil and raw materials beginning to stabilise, the Directors expect that the performance of the Group's manufacturing operation will improve.

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## LETTER FROM THE BOARD

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As keen market competition has rendered price increases quite infeasible, the Group, along with most other manufacturers, has had to absorb the cost increases, which in turn has severely eroded business margins.

The overall LCD market has been faced with oversupply since the third quarter of 2004, driving down the panel prices. The lower prices have in turn boosted demand sharply. However, owing to keen market competition, margins remain low. With the Company's cost reduction measures by the merging of certain administrative functions of the manufacturing operations and the increased outsourcing of lower-end lower-margin products to subcontractors, and the establishment of representative offices in the centres of the Group's major customers bases, the Company anticipated that there would be an improvement on the margins for the Group's products and at the same time the demand for the Group's products would also increase as a result of increased marketing efforts.

This coupled with the more stable oil prices and labour market in the PRC would ease the pressure on the performance of the manufacturing operations. The Group has also been studying the development of more profitable colour LCD modules and it is expected that the detailed plan on the feasibility of upgrading the existing production facilities of the Group for colour LCD modules production will be available by the end of February 2006. The Company will maintain manufacturing as its principal line of business.

### **Investment in Greek Mythology**

The Group participates in the entertainment business in Macau through its interest in Greek Mythology, which saw the opening of the Greek Mythology Casino in Taipa, Macau, in December 2004. The integrated casino and entertainment project is being developed in phases. The first phase, which has a total gross floor area of 160,000 square feet and called for an investment of around MOP600 million was completed in December 2004. It has up to 228 gaming tables and a range of ancillary entertainment and childcare facilities. It also saw significant increase in traffic to over 30,000 visitors daily by the end of the second quarter of 2005. The casino's business development plan envisages further expansion up to 500 gaming tables on an area of 300,000 square feet in the second phase, and a new 38-floor hotel wing will be built to house another 500 gaming tables in the third phase. After completion of the three phases, there will be up to 1,000 gaming tables in total. The construction of the new hotel wing has commenced in December 2005. Although the concrete timetable is still under revision, Greek Mythology intends to complete phases two and three of its development in 2006 and 2007 respectively. The funding for the development will be mainly by internal resources of Greek Mythology or from borrowings and the Company is not required to provide any funding to Greek Mythology in respect of the integrated casino and entertainment project.

Upon completion of the Acquisition, the Company's interest in Greek Mythology would be increased to approximately 49.9% from 19.9%. As such, Greek Mythology will be accounted for as an associated company, and the Company will be able to share its profits for the first time. The Directors also expect the return from this investment to continue to increase significantly once operational plans for the casino are fully implemented. The continuing growth trend in the performance of Greek Mythology validates the Directors' confidence in this investment.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group currently owns approximately 19.9% of the issued share capital of Greek Mythology. The Directors consider that the Acquisition represents an attractive opportunity for the Group to increase its interest in Greek Mythology. Upon Completion, the Group will be interested as to approximately 49.9% in the issued share capital of Greek Mythology with the Vendor being interested in approximately 30.1% of the issued share capital of Greek Mythology and the remaining approximately 20% being held as to approximately 10% each by two independent third parties.

Greek Mythology manages one of the newest and largest casinos in Macau. Given the improved Macau economy, the prospects of Macau's gaming industry and the market position enjoyed by Greek Mythology, the Directors consider that the increased investment in Greek Mythology would strengthen the Group's earning potential and recurrent income base. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is in the interest of the Company and the Shareholders as a whole.

For the two years ended 31 March 2004 and 31 March 2005, the Group made a loss of approximately HK\$10.6 million and approximately HK\$18.3 million, respectively. The Directors believe that the acquisition of the profitable Greek Mythology would be advantageous to the Group in the long run.

### GENERAL

The Vendor advised the Company that his ultimate intention is to raise the market profile of Greek Mythology by having a listed company such as the Company as a strategic investor in Greek Mythology, which would in turn facilitate the business of Greek Mythology, and the overseas expansion of Greek Mythology.

As at the Latest Practicable Date, the Vendor is interested in approximately 60.1% of Greek Mythology and approximately 9.68% of the Company. The Acquisition constitutes a major transaction for the Company under the Listing Rules which requires the approval of the Independent Shareholders by poll where the Vendor and his associate will abstain from voting.

**The Stock Exchange is concerned that the ultimate intention of the Company and the Vendor is to inject a business into a listed company which is under the Vendor's control. The Stock Exchange will closely monitor all future transactions, if any, between the Company and the Vendor and may aggregate such transactions and decide whether the reverse takeover rule should apply. The Stock Exchange may also revisit this matter in the event that there is information available to indicate that the Company is under the control of the Vendor. Shareholders and potential investors should also note that the Acquisition, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

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## LETTER FROM THE BOARD

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The Vendor is required to provide to the satisfaction of the Stock Exchange documentary evidence of the transfer of the Convertible Notes to independent third parties. In the event that the Vendor failed to provide such documentary evidence, the Stock Exchange may not consider the listing application of the Consideration Shares. In such an event, the Acquisition may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

### SGM

A notice convening the SGM at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement is set out on pages 92 to 93 of this circular. The Vendor will abstain from voting in the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting thereof) should you wish to do so.

An announcement will be made by the Company following the conclusion of the SGM to inform you of the results of the SGM.

### RECOMMENDATIONS

The Directors are of the opinion that the terms of the Sale and Purchase Agreement are fair and reasonable and that the resolutions to be proposed at the SGM as described in this circular are in the interests of the Company and of the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolution set out in the notice of the SGM contained in this circular.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board  
**A-Max Holdings Limited**  
**Chan King Ming**  
*Chairman*



**1. INDEBTEDNESS****Borrowings**

As at the close of business on 31 December 2005, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK\$47,708,943, comprising unsecured loans from unrelated parties of approximately HK\$44,908,943 and convertible notes of HK\$2,800,000. All of the outstanding borrowings are repayable after one year but within five years.

Save as disclosed herein and apart from intra-group liabilities, the Group did not have any outstanding loan capital, bank overdrafts, and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 December 2005.

The Directors have confirmed that there has been no material change in indebtedness and contingent liabilities of the Group since 31 December 2005.

Foreign currency amounts have, for the purpose of the indebtedness statement, been translated into Hong Kong dollars at the applicable rates of exchange prevailing at the close of business on 31 December 2005.

**2. MATERIAL ADVERSE CHANGES**

The Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 March 2005, being the date to which the latest audited consolidated financial statements of the Group were made up.

**3. WORKING CAPITAL**

Taking into account the Group's existing cash and bank balances and the financial resources available, including internally generated funds and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements.

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS

The following is the management discussion and analysis as extracted from the annual report of the Company for the year ended 31 March 2005.

##### **Financial Review**

During the year under review, the Group posted total turnover of approximately HK\$101.1 million (2004: HK\$92.8 million), an increase of 9% over the previous year, aided by an overall recovery in orders for LCD and LCD electronic consumer products. However, a net loss of approximately HK\$18.3 million (2004: HK\$10.6 million) was recorded for the reporting year as a result of escalating production costs and intensifying market competition.

##### **Dividend**

The Directors do not recommend payment of a dividend for the year ended 31 March 2005 (2004: Nil).

##### **Business Review and Prospects**

###### *Manufacturing Business*

The LCD and electronic consumer products business reported a 9% year-on-year growth in turnover to approximately HK\$101.1 million (2004: HK\$92.8 million) due to a recovery in market demand and as a result of the Group's proactive business-development efforts over the past year. However, rocketing oil prices that pushed the cost of major raw materials to new heights, coupled with shortages and the unstable supply of labour and electricity in China, continued to put a tighter rein on the segments' performance. Net attributable loss therefore widened to approximately HK\$18.3 million (2004: HK\$10.6 million).

As keen market competition has rendered price increases quite infeasible, A-Max, along with most other manufacturers, has had to absorb the cost increases, which in turn has severely eroded business margins.

In a bid to reduce fixed manufacturing-related operating costs, the Directors are considering appropriate cost-reduction measures, including the disposal of certain factory assets and the increased engagement of outsourcing capabilities.

###### *Entertainment Business*

The Group is now a participant in the entertainment business in Macau through its interest in Greek Mythology, which saw the opening of its Greek Mythology Casino in Taipa, Macau, in December 2004. The integrated casino and entertainment project will be developed by phases. In 2004, Greek Mythology invested about MPO600 million in the 160,000 sq.ft. first phase with 228 gaming tables and a range of ancillary entertainment and childcare facilities. More VIP rooms and slot machines were added to the casino in the second quarter of 2005. The casino reported a net gaming income of over MOP234 million (net of gaming taxes of about 40% and concessions paid) for the first 4 months of operation. It also saw significant increase in traffic to over 30,000 visitors daily by the end of the second quarter.

The casino's business development plan envisages the adding of floor space in the second phase, and a new hotel wing to the project in the third phase. Based on the instant success of the casino project and its excellent growth potential, an independent valuation house has valued the project at HK\$10 billion.

The Directors expect the return from this investment to continue to increase significantly once operational plans for the casino are fully implemented. The continuing growth trend in the performance of Greek Mythology validates the Directors' confidence in this business segment.

The Directors hold an optimistic view of the ongoing performance of Greek Mythology and envisage dedicating increased management efforts in growing this business segment.

### **Liquidity and Financial Resources**

In the reporting year, the Group continued to maintain a stable financial position. The Group had total assets and net assets of approximately HK\$1,471.2 million (2004: HK\$203.0 million) and HK\$1,408.5 million (2004: HK\$136.6 million) respectively as at 31 March 2005. Consolidated shareholders' equity as at year end was approximately HK\$1,408.5 million (2004: HK\$136.6 million).

The gearing ratio as at 31 March 2005, calculated as a ratio of borrowings to shareholders' funds, improved significantly to 2% (2004: 31%).

The Directors believe that existing financial resources are sufficient to cover its existing businesses. If the Group requires additional funding to capture business opportunities that may arise in the future, the Directors are confident that the Group will be able to obtain financing on favourable terms.

### **Employees and Remuneration Policy**

As at 31 March 2005, the Group employed a total of approximately 1,100 employees in the PRC and Hong Kong. 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, retirement schemes, 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 31 March 2005, the Group had no significant contingent liabilities.

**5. (A) SUMMARY OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE YEARS ENDED 31 MARCH 2005**

The following is a summary of the audited consolidated financial results of the Company for each of the three years ended 31 March 2005 as extracted from the annual report of the Company for the year ended 31 March 2005.

The auditors' opinions on the Group's financial statements for the years ended 31 March 2004 and 2005 were clean and unqualified. The auditors disclaimed their opinion on the audited financial statements of the Group for the year ended 31 March 2003. The auditors' report on the financial statements of the Group for the year ended 31 March 2003 is reproduced on pages 52 to 55 of this circular.

**RESULTS**

	<b>Year ended 31 March</b>		
	<b>2005</b> <i>HK\$'000</i>	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>
TURNOVER	<u>101,144</u>	<u>92,830</u>	<u>10,226</u>
(LOSS)/PROFIT BEFORE TAXATION	(18,326)	(10,631)	321,658
TAXATION	<u>—</u>	<u>—</u>	<u>—</u>
(LOSS)/PROFIT FOR THE YEAR	<u>(18,326)</u>	<u>(10,631)</u>	<u>321,658</u>

**ASSETS AND LIABILITIES**

	<b>At 31 March</b>		
	<b>2005</b> <i>HK\$'000</i>	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>
TOTAL ASSETS	1,471,168	202,989	156,554
TOTAL LIABILITIES	<u>(62,657)</u>	<u>(66,355)</u>	<u>(42,055)</u>
SHAREHOLDERS' FUNDS	<u>1,408,511</u>	<u>136,634</u>	<u>114,499</u>

**(B) SUMMARY OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE TWO YEARS ENDED 31 MARCH 2005**

The following is the audited consolidated financial statements of the Company for the year ended 31 March 2005 (the date to which the latest audited accounts were made up), together with the comparative figures for the year ended 31 March 2004 and the accompanying notes to the audited accounts as extracted from the annual report of the Company for the year ended 31 March 2005.

In respect of the notes to the following financial statements, references to page numbers are the page numbers of the annual report of the Company for the year ended 31 March 2005.

**Consolidated Income Statement**

	<i>Note</i>	<b>For the year ended</b>	
		<b>2005</b>	<b>2004</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	4	101,144	92,830
Cost of sales		<u>(98,178)</u>	<u>(85,244)</u>
Gross profit		2,966	7,586
Other revenue	4	125	219
Selling and distribution costs		(2,861)	(2,545)
Administrative expenses		(17,383)	(15,694)
Reduction in provision for litigations		–	626
Reduction in provision for other payables		<u>150</u>	<u>271</u>
Loss from operations	5	(17,003)	(9,537)
Finance costs	6	<u>(1,323)</u>	<u>(1,094)</u>
Loss before taxation		(18,326)	(10,631)
Taxation	9	<u>–</u>	<u>–</u>
Loss attributable to shareholders	10	<u>(18,326)</u>	<u>(10,631)</u>
		<i>HK cents</i>	<i>HK cents</i>
			(Restated)
Loss per share – Basic	12	<u>(3.60)</u>	<u>(8.84)</u>

## Consolidated Balance Sheet

		At 31 March 2005	
		2005	2004
	Note	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Fixed assets	13	156,075	155,800
Long term investment	15	1,280,986	–
		<u>1,437,061</u>	<u>155,800</u>
<b>Current assets</b>			
Inventories	16	13,919	10,920
Trade receivables	17	13,011	11,899
Prepayments, deposits and other receivables		1,105	665
Bank and cash balances	18	6,072	23,705
		<u>34,107</u>	<u>47,189</u>
<b>Current liabilities</b>			
Trade and other payables	19	28,326	22,663
<b>Net current assets</b>		<u>5,781</u>	<u>23,526</u>
<b>Total assets less current liabilities</b>		<u>1,442,842</u>	<u>179,326</u>
<b>Non-current liabilities</b>			
Long term borrowings	20	30,131	28,092
Convertible notes	21	4,200	14,600
		<u>34,331</u>	<u>42,692</u>
<b>NET ASSETS</b>		<u><u>1,408,511</u></u>	<u><u>136,634</u></u>
<b>Capital and reserves</b>			
Share capital	22	2,665	71
Reserves		<u>1,405,846</u>	<u>136,563</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>1,408,511</u></u>	<u><u>136,634</u></u>

**Balance Sheet**

		<b>At 31 March 2005</b>	
		<b>2005</b>	<b>2004</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Investments in subsidiaries	<i>14</i>	8	39,863
Long term investment	<i>15</i>	<u>1,280,986</u>	<u>–</u>
		<u>1,280,994</u>	<u>39,863</u>
<b>Current assets</b>			
Bank and cash balances		<u>386</u>	<u>14,606</u>
<b>Current liabilities</b>			
Other payables		949	4,543
Amount due to a subsidiary		<u>13</u>	<u>52</u>
		<u>962</u>	<u>4,595</u>
<b>Net current (liabilities)/assets</b>		<u>(576)</u>	<u>10,011</u>
<b>Total assets less current liabilities</b>		<u>1,280,418</u>	<u>49,874</u>
<b>Non-current liabilities</b>			
Long term borrowings	<i>20</i>	3,900	–
Convertible notes	<i>21</i>	<u>4,200</u>	<u>14,600</u>
		<u>8,100</u>	<u>14,600</u>
<b>NET ASSETS</b>		<u><u>1,272,318</u></u>	<u><u>35,274</u></u>
<b>Capital and reserves</b>			
Share capital	<i>22</i>	2,665	71
Reserves		<u>1,269,653</u>	<u>35,203</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>1,272,318</u></u>	<u><u>35,274</u></u>

## Statement of Changes in Equity

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i> <i>(note (a))</i>	The Group Translation reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2003	12,655	106,007	(22,470)	(117)	-	18,424	114,499
Shares issued for conversion of convertible notes	5,125	15,375	-	-	-	-	20,500
Capital reduction	(19,787)	-	-	-	-	19,787	-
Issue of new shares	2,078	10,437	-	-	-	-	12,515
Share issue expenses	-	(249)	-	-	-	-	(249)
Loss for the year	-	-	-	-	-	(10,631)	(10,631)
At 31 March 2004 and 1 April 2004	71	131,570	(22,470)	(117)	-	27,580	136,634
Shares issued for conversion of convertible notes <i>(notes 21(b) and 22(a))</i>	2,493	1,287,907	-	-	-	-	1,290,400
Share issue expenses	-	(197)	-	-	-	-	(197)
Issue of bonus shares <i>(note 22(b))</i>	101	(101)	-	-	-	-	-
Loss for the year	-	-	-	-	-	(18,326)	(18,326)
At 31 March 2005	<u>2,665</u>	<u>1,419,179</u>	<u>(22,470)</u>	<u>(117)</u>	<u>-</u>	<u>9,254</u>	<u>1,408,511</u>



## Statement of Changes in Equity (continued)

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	The Company		Accumulated losses HK\$'000	Total HK\$'000
				Translation reserve HK\$'000	Contributed surplus HK\$'000 (note (b))		
At 1 April 2003	12,655	106,007	-	-	105,026	(217,119)	6,569
Share issued for conversion of convertible notes	5,125	15,375	-	-	-	-	20,500
Capital reduction	(19,787)	-	-	-	-	19,787	-
Issue of new shares	2,078	10,437	-	-	-	-	12,515
Share issue expenses	-	(249)	-	-	-	-	(249)
Loss for the year	-	-	-	-	-	(4,061)	(4,061)
At 31 March 2004 and 1 April 2004	71	131,570	-	-	105,026	(201,393)	35,274
Shares issued for conversion of convertible notes (notes 21(b) and 22(a))	2,493	1,287,907	-	-	-	-	1,290,400
Share issue expenses	-	(197)	-	-	-	-	(197)
Issue of bonus shares (note 22(b))	101	(101)	-	-	-	-	-
Loss for the year	-	-	-	-	-	(53,159)	(53,159)
At 31 March 2005	<u>2,665</u>	<u>1,419,179</u>	<u>-</u>	<u>-</u>	<u>105,026</u>	<u>(254,552)</u>	<u>1,272,318</u>

## Notes:

- (a) The special reserve of the Group represents the difference between the nominal amount of the share capital of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition pursuant to the corporate reorganisation and capitalisation in paying up 1,000,000 nil paid shares prior to the listing of the Company's shares.
- (b) The contributed surplus of the Company represents the differences between the consolidated shareholders' funds of subsidiaries at the date on which they were acquired by the Company and the nominal amount of the share capital of the Company issued under the corporate reorganisation and capitalisation in paying up 1,000,000 nil paid shares. Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders.

**Consolidated Cash Flow Statement**

	<b>For the year ended</b>	
	<b>31 March 2005</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss from operations	(17,003)	(9,537)
Adjustments for:		
Depreciation and amortisation	7,539	5,415
Bad debt written off	–	30
Reduction in provision for litigations	–	(626)
Reduction in provision for other payables	(150)	(271)
Interest income	(21)	(3)
	<hr/>	<hr/>
Operating loss before working capital changes	(9,635)	(4,992)
Increase in inventories	(2,999)	(8,564)
Increase in trade receivables	(1,112)	(8,464)
(Increase)/decrease in prepayments, deposits and other receivables	(440)	598
Increase in trade and other payables	12,580	14,960
Decrease in provision for loss arising from a loan commitment	–	(1,881)
Decrease in provision for litigations	–	(738)
	<hr/>	<hr/>
Net cash used in operations	(1,606)	(9,081)
Interest paid	(1,323)	(1,094)
	<hr/>	<hr/>
Net cash used in operating activities	(2,929)	(10,175)

**Consolidated Cash Flow Statement** *(continued)*

	<b>For the year ended</b>	
	<b>31 March 2005</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CASH FLOWS FROM INVESTING</b>		
<b>ACTIVITIES</b>		
Purchases of fixed assets	(7,814)	(22,534)
Interest income	21	3
Net cash used in investing activities	(7,793)	(22,531)
<b>CASH FLOWS FROM FINANCING</b>		
<b>ACTIVITIES</b>		
Incidentals for acquisition of long term investment	(986)	–
Share issue expenses	(197)	–
Net proceeds from issue of share capital	–	12,266
Net proceeds from issue of convertible notes	–	14,600
Short term borrowing repaid	–	(1,100)
Long term borrowings (repaid)/raised, net	(5,728)	19,856
Net cash (used in)/from financing activities	(6,911)	45,622
<b>NET (DECREASE)/INCREASE IN CASH</b>		
<b>AND CASH EQUIVALENTS</b>	(17,633)	12,916
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT 1 APRIL</b>	23,705	10,789
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT 31 MARCH</b>	6,072	23,705
<b>ANALYSIS OF CASH AND CASH</b>		
<b>EQUIVALENTS</b>		
Bank and cash balances	6,072	23,705

**Notes to the Financial Statements***For the year ended 31 March 2005***1. GENERAL**

The Company was incorporated as an exempted company with limited liability in Bermuda with its shares listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 14 to the financial statements. There were no material changes in the nature of the principal activities of the Group during the year.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Group reported a loss attributable to shareholders of approximately HK\$18,326,000 and a net cash outflow from operating activities of approximately HK\$2,929,000 for the year ended 31 March 2005. The financial statements have been prepared on a going concern basis. The continuation of the Group’s business depends upon the following:

- (a) term loan facility of HK\$20 million granted in July 2005;
- (b) continuing financial supports from the term loan lenders who have already expressed intentions to renew the term loans upon maturity (note 20(a)); and
- (c) future profitable operations of the Group.

In the opinion of the directors of the Company (the “Directors”), the Group will have sufficient working capital for its future operational requirements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which includes all applicable Statements of Standard Accounting Practice and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The financial statements have been prepared under the historical cost convention as modified by revaluation of fixed assets as explained in the accounting policies set out below.

HKICPA has issued a number of new and revised HKFRSs and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

**3. SIGNIFICANT ACCOUNTING POLICIES****Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

**Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions after 1 April 2001 is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a separate intangible asset.

On disposal of a subsidiary, the attributable amount of unamortised goodwill or goodwill previously eliminated against reserves is included in the determination of the profit or loss on disposal.

**Subsidiaries**

A subsidiary is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The Company's investments in subsidiaries are stated at cost less impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

**Long term investments**

Long term investments, which are investments held for an identified long-term strategic purpose, are stated at cost less impairment losses, if any. The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments is reduced to its fair value. The amount of the reduction is recognised as an expense in the income statement. The reduction is written back to income statement when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

**Fixed assets**

Fixed assets are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, as determined by the Directors. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of fixed assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is charged as an expense to the income statement to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits/losses.

Depreciation is provided to write off the cost or valuation of fixed assets, over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method, at the following annual rates:

Leasehold land	Over the term of the relevant lease
Buildings	4%
Leasehold improvements	20%
Equipment, furniture and fixtures	20%
Plant and machinery	20%
Motor vehicles	20%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads.

Net realisable value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the income statement.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment no longer exists or has decreased. The reversal is recorded in the income statement.

### **Revenue recognition**

Revenue from the sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered and title has been passed to the customers.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

### **Taxation**

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowable. Profits tax is provided at the rate prevailing for the year based on the assessable profit for the year less allowable losses, if any, brought forward.

Deferred taxation is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

### **Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight-line basis over the lease terms.

### **Employee benefits**

#### *(i) Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

#### *(ii) Retirement benefit costs*

The Group's contributions to retirement scheme are expensed as incurred.

### **Foreign currency translation**

Transactions in foreign currencies are translated into Hong Kong dollars at the applicable rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Profits and losses resulting from this translation policy are dealt with in the income statement.

On consolidation, the balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the income statements are translated at average rates. Exchange differences are dealt with as a movement in reserves.

For the purpose of the consolidated cash flow statement, the cash flows of subsidiaries expressed in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries expressed in foreign currencies which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

### **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote.

### **Event after the balance sheet date**

Post-year-end events that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

### **Related parties**

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

**Cash and cash equivalents**

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the cash flow statement, bank overdrafts which are repayable on demand and form an integral part of an enterprise's cash management are also included as a component of cash and cash equivalents.

**Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is charged based on terms mutually agreed between the segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, borrowings, corporate and financing expenses, and corporate revenue.

**4. TURNOVER AND REVENUE**

The Group is principally engaged in manufacturing and sale of LCD and LCD modules (together "LCD products") and electronic consumer products ("LCD consumer products"). An analysis of the Group's turnover and revenue is as follows:

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
LCD products	61,836	50,628
LCD consumer products	39,308	42,202
	<u>101,144</u>	<u>92,830</u>
Other revenue		
Interest income	21	3
Sundry income	104	216
	<u>125</u>	<u>219</u>
	<u><u>101,269</u></u>	<u><u>93,049</u></u>



## 5. LOSS FROM OPERATIONS

The Group's loss from operations is stated after charging the following:

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration	380	345
Bad debt written off	–	30
Cost of inventories sold ( <i>note</i> )	98,178	85,244
Depreciation and amortisation	7,539	5,415
Operating lease rentals in respect of land and buildings	1,582	1,167
Staff costs including directors' emoluments		
Salaries and other costs	22,427	18,879
Retirement benefit scheme contributions	340	211
	<u>22,767</u>	<u>19,090</u>

*Note:* Cost of inventories sold includes staff costs, depreciation and amortisation, and operating lease rentals of approximately HK\$9,506,000, HK\$7,462,000 and HK\$1,265,000 (2004: HK\$7,530,000, HK\$5,385,000 and HK\$896,000) respectively which are included in the respective amounts disclosed separately above for the year.

## 6. FINANCE COSTS

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest	–	19
Loan interest	1,323	1,075
	<u>1,323</u>	<u>1,094</u>

## 7. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

## (a) Directors' emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance are as follows:

	<b>Executive Directors</b>		<b>Independent non-executive Directors</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	–	–	229	204
Other emoluments				
Basic salaries, allowances and benefits in kind	5,355	5,567	–	–
Discretionary bonus	–	–	–	–
Retirement benefit scheme contributions	58	24	–	–
	<u>5,413</u>	<u>5,591</u>	<u>229</u>	<u>204</u>

The emoluments of the Directors fell within the following bands:

	<b>Number of Directors</b>	
	<b>2005</b>	<b>2004</b>
Nil to HK\$1,000,000	6	4
HK\$1,000,001 to HK\$1,500,000	3	3
	<u>9</u>	<u>7</u>

There was no arrangement under which a Director waived or agreed to waive any emoluments during the year. In addition, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

**(b) Five highest paid individuals**

The five highest paid individuals in the Group during the year included four (2004: five) Directors, details of whose emoluments are set out in note 7(a) above. Details of the emoluments of the remaining one (2004: Nil) non-director, highest paid individual during the year are set out below:

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Basic salaries, allowances and benefits in kind	780	–
Discretionary bonus	–	–
Retirement benefit scheme contributions	12	–
	<u>792</u>	<u>–</u>

The emoluments of the non-director, highest paid individual fell within the following band:

	<b>Number of individual</b>	
	<b>2005</b>	<b>2004</b>
Nil to HK\$1,000,000	<u>1</u>	<u>–</u>

During the year, no emoluments were paid by the Group to the highest paid individual as an inducement to join or upon joining the Group, or as compensation for loss of office.

**8. RETIREMENT BENEFIT SCHEMES**

The Group operates a mandatory provident fund scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with employees when contributed into the MPF Scheme.

In addition to the participation in the MPF Scheme, the Group is required to contribute to a defined contribution retirement scheme for its employees in the People’s Republic of China (the “PRC”) based on the applicable basis and rates with the relevant government regulations.

The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

The total costs charged to the consolidated income statement of approximately HK\$340,000 (2004: HK\$211,000) represents contributions payable to the retirement benefit schemes in Hong Kong and the PRC by the Group for the year at rates specified in the rules of the relevant schemes. At 31 March 2005, contributions due in respect of the current year had not been paid over the relevant schemes was approximately HK\$30,000 (2004: HK\$2,000).

## 9. TAXATION

- (a) No provision for Hong Kong and overseas profits tax has been made as the Group has no assessable profit for the year (2004: Nil).
- (b) The taxation charge can be reconciled to the loss before taxation as reported in the consolidated income statement as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Loss before taxation	(18,326)	(10,631)
Tax at the applicable tax rate of 17.5%	(3,207)	(1,860)
Tax effect of expenses that are not deductible in determining taxable profit	822	1,565
Tax effect of income that are not assessable in determining taxable profit	(26)	(158)
Tax effect of net deferred tax assets not recognised	2,411	531
Increase in the opening unrecognised net deferred tax assets resulting from an increase in the tax rate	—	(78)
Taxation charge per consolidated income statement	—	—

- (c) There was no material unprovided deferred taxation. The Group has unused tax losses of approximately HK\$47.8 million (2004: HK\$31.5 million) at 31 March 2005 available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

## 10. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group's loss attributable to shareholders of approximately HK\$18,326,000 (2004: HK\$10,631,000) included a loss of approximately HK\$53,159,000 (2004: HK\$4,061,000) which has been dealt with in the financial statements of the Company.

## 11. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2004: Nil).

## 12. LOSS PER SHARE

Basic loss per share is calculated based on the Group's loss attributable to shareholders for the year of approximately HK\$18,326,000 (2004: HK\$10,631,000) and the weighted average number of approximately 508,889,000 ordinary shares (2004: 120,258,000 shares (restated), adjusted to reflect the bonus issues during the year).

No diluted loss per share figures have been presented as the Company did not have any dilutive potential shares for the years ended 31 March 2005 and 2004.

## 13. FIXED ASSETS

## The Group

	Leasehold land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Equipment, furniture and fixtures <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost or valuation</b>						
At 1 April 2004						
– At valuation	42,596	15,183	24,923	73,024	74	155,800
Additions	–	72	2,018	5,724	–	7,814
Adjustment on revaluation	<u>(1,392)</u>	<u>(887)</u>	<u>(1,293)</u>	<u>(3,956)</u>	<u>(11)</u>	<u>(7,539)</u>
At 31 March 2005						
– At valuation	<u>41,204</u>	<u>14,368</u>	<u>25,648</u>	<u>74,792</u>	<u>63</u>	<u>156,075</u>
<b>Depreciation and amortisation</b>						
Charge for the year	1,392	887	1,293	3,956	11	7,539
Adjustment on revaluation	<u>(1,392)</u>	<u>(887)</u>	<u>(1,293)</u>	<u>(3,956)</u>	<u>(11)</u>	<u>(7,539)</u>
At 31 March 2005	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Net book value</b>						
At 31 March 2005	<u>41,204</u>	<u>14,368</u>	<u>25,648</u>	<u>74,792</u>	<u>63</u>	<u>156,075</u>
At 31 March 2004	<u>42,596</u>	<u>15,183</u>	<u>24,923</u>	<u>73,024</u>	<u>74</u>	<u>155,800</u>

- (a) The Group's leasehold land and buildings are situated in the PRC and held under medium term leases (unexpired period between 10 years to 50 years).
- (b) The Group's fixed assets were revalued by the Directors, with reference to a valuation report prepared by an independent qualified valuer, on an open market value basis at 31 March 2005. The Directors' valuation did not give rise to a revaluation surplus or deficit.
- (c) The carrying amount of the fixed assets would have been approximately HK\$156,075,000 (2004: HK\$155,800,000) had they been carried at historical cost less accumulated depreciation and amortisation.

## 14. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2005	2004
	HK\$'000	HK\$'000
Unlisted shares, at cost	8	8
Amount due from a subsidiary	–	39,855
	8	39,863
	8	39,863

The amount due is unsecured, interest free and has no fixed terms of repayment.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/operation	Issued and fully paid-up capital/share registered capital	Attributable equity interest held by the Company		Principal activities
			Direct	Indirect	
Profit Goal Holdings Limited	The British Virgin Islands (“BVI”)	US\$1,000	100%	–	Investment holding
A-Max Kepo Display Limited	Hong Kong	HK\$100	–	100%	Sale of LCD and LCD modules
A-Max Global Products Limited	Hong Kong	HK\$100	–	100%	Sale of LCD consumer products
A-Max Kepo Limited	BVI	US\$100	–	100%	Not yet commenced business
Chesford Group Limited	BVI	US\$100	–	100%	Not yet commenced business
Keview Technology (BVI) Limited	BVI	US\$1,000	–	100%	Investment holding
Dongguan Kepo Electronics Limited (“Dongguan Kepo”) (Note)	PRC	HK\$76,120,000	–	100%	Manufacturing of LCD, LCD modules and electronics consumer products

*Note:* Dongguan Kepo is a wholly foreign-owned enterprise with an operating period of 25 years commencing from 13 November 1998. The financial statements of Dongguan Kepo are not audited by RSM Nelson Wheeler.

## 15. LONG TERM INVESTMENT

	<b>The Group and the Company</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investment, at cost	<u>1,280,986</u>	<u>–</u>

At 31 March 2005 the carrying amounts of the Company's holding in the following company exceeded 10% of the total assets of the Company:

Name	Place of incorporation/ operation	Class of shares	Attributable equity interest held by the Company	Principal activities
Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology") (Formerly known as Greek Mythology (Macau) Entertainment Group Limited)	Macau	Ordinary	13.79%	Gaming and entertainment

## 16. INVENTORIES

	<b>The Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	7,488	6,667
Work in progress	2,838	1,486
Finished goods	<u>3,593</u>	<u>2,767</u>
	<u>13,919</u>	<u>10,920</u>

All inventories are stated at cost.

## 17. TRADE RECEIVABLES

The Group allows an average credit period of 30 days to 60 days to its trade customers. The aged analysis of trade receivables is as follows:

	<b>The Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – 30 days	6,187	6,145
31 – 60 days	2,104	3,878
61 – 90 days	1,060	550
Over 90 days	<u>3,660</u>	<u>1,326</u>
	<u>13,011</u>	<u>11,899</u>

**18. BANK AND CASH BALANCES – THE GROUP**

Included in bank and cash balances of the Group amounting to a total of approximately HK\$6,072,000 is an amount of approximately HK\$1,130,000 (2004: HK\$2,441,000) denominated in Renminbi (“RMB”) as at 31 March 2005. Conversion of RMB into foreign currencies is subject to the PRC’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

**19. TRADE AND OTHER PAYABLES**

Trade and other payables included trade payables of approximately HK\$20,136,000 (2004: HK\$12,957,000). The aged analysis of trade payables is as follows:

	<b>The Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
Current – 30 days	4,016	4,712
31 – 60 days	5,374	4,125
61 – 90 days	4,035	547
Over 90 days	6,711	3,573
	<u>20,136</u>	<u>12,957</u>

**20. LONG TERM BORROWINGS**

	<i>Note</i>	<b>The Group</b>		<b>The Company</b>	
		<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
		<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Other loans – unsecured	<i>(a)</i>	22,364	28,092	–	–
Amounts due to directors	<i>(b)</i>	7,767	–	3,900	–
		<u>30,131</u>	<u>28,092</u>	<u>3,900</u>	<u>–</u>

*Notes:*

- (a) Other loans represent unsecured loans from unrelated parties, which bear interest ranging from 5% to 6% (2004: 5% to 6%) per annum and are not repayable within the next twelve months. However, the Group has option to repay the borrowings before maturities.
- (b) The amounts due to directors represent emoluments due to certain directors and are not repayable within the next twelve months.

**21. CONVERTIBLE NOTES**

	<b>The Group and the Company</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
At 31 March	<u>4,200</u>	<u>14,600</u>

The movements of the convertible notes during the year are summarised as follows:

	<i>Note</i>	<i>HK\$'000</i>
At 1 April 2004		14,600
Convertible notes issued during the year	(a)	1,280,000
Conversion of the convertible notes into 2,492,947,935 ordinary shares at an average conversion price of approximately HK\$0.518 per share		
– Amount transferred to share capital	(b)	(2,493)
– Amount transferred to share premium	(b)	(1,287,907)
		<u>(1,290,400)</u>
At 31 March 2005		<u>4,200</u>

*Notes:*

- (a) Pursuant to a subscription agreement dated 30 November 2004, the Company issued the convertible notes in the aggregate amount of HK\$1,280,000,000 in respect of the acquisition of Greek Mythology (notes 15 and 24(b)). The convertible notes was non-interest bearing and can be converted into new ordinary shares during the period from 30 November 2004 to 29 November 2009 at the conversion price of HK\$3.527 per share for each convertible note. The shares so converted will rank *pari passu* in all respect with all other ordinary shares in issue on the date of allotment.
- (b) During the year, an aggregate amount of HK\$1,290,400,000 was converted which resulted in an increase in the issued share capital of HK\$2,492,948 (representing 2,492,947,935 ordinary shares) (notes 22(a) and 24(a)) and share premium of HK\$1,287,907,052.

Subsequent to the balance sheet date, there were further movements in the convertible notes, details of which are set out in note 30(a) to the financial statements.

## 22. SHARE CAPITAL

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
40,000,000,000 ordinary shares of HK\$0.001 each	<u>40,000</u>	<u>40,000</u>
Issued and fully paid:		
2,664,838,010 (2004: 71,409,600) ordinary shares of HK\$0.001 each	<u>2,665</u>	<u>71</u>

The movements of the share capital during the year are summarised as follows:

	<i>Note</i>	<b>Number of shares</b>	<b>Issued share capital</b>
			<i>HK\$'000</i>
At 1 April 2004		71,409,600	71
Conversion of the convertible notes	(a)	2,492,947,935	2,493
Issue of bonus shares	(b)	100,480,475	101
At 31 March 2005		<u>2,664,838,010</u>	<u>2,665</u>



*Notes:*

## (a) Conversion of the convertible notes

2,492,947,935 shares of HK\$0.001 each were issued pursuant to the conversion of HK\$1,290,400,000 convertible notes at an average conversion price of approximately HK\$0.518 per share (notes 21(b) and 24(a)).

## (b) Issue of bonus shares

100,480,475 shares of HK\$0.001 each were issued on the basis of one share for every one existing share then held by the shareholders of the Company.

Subsequent to the balance sheet date, there were further movements in the issued share capital, details of which are set out in note 30(a) to the financial statements.

**23. SHARE OPTION SCHEME**

The Company's share option scheme (the "Share Option Scheme") was adopted on 12 August 2002 with a purpose to recognise the contribution of certain employees, directors, executive or officers, suppliers, consultants and agents of the Group to the growth of the Group.

Under the terms of the Share Option Scheme, the board of directors may, at its discretion, grant options to employees, directors, executives or officers of the Group, and any suppliers, consultants or agents who have provided services to the Group at a price not less than the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the offer date or the nominal value of the shares, whichever is the higher.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme will not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options may be granted to any one participant will not exceed 30% of the maximum number of shares in issues from time to time. At the date of report, the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme must not exceed 4,959,000 shares, represents 10% of the shares in issue as at 18 June 2003, the date of the special general meeting approving the refreshment of the 10% limit on the grant of options.

A nominal consideration of HK\$1 is payable within 30 days from the offer date for each lot of share option granted. An option may be exercised in accordance with the terms of the Share Option Scheme during a period to be notified by the board of directors. Each grantee is entitled to exercise the options at any time after the expiry of one year from the date of the grant of the options, and in each case, not later than 10 years from the date of the grant of the options.

The Share Option Scheme is valid for a period of 10 years commencing from 12 August 2002. No share options under the Share Option Scheme were granted up to 31 March 2005.

**24. MAJOR NON-CASH TRANSACTIONS**

- (a) During the year, convertible notes of HK\$1,290,400,000 (2004: HK\$20,500,000) was converted into 2,492,947,935 (2004: 5,125,000,000) ordinary shares of HK\$0.001 each (notes 21(b) and 22(a)).
- (b) During the year, the Company acquired 13.79% equity interests in Greek Mythology at a total consideration, before expenses, of HK\$1,280,000,000, which was satisfied by the issuance of convertible notes (notes 15 and 21(a)).
- (c) During the year, a total amount of HK\$7,767,000 due to directors was reclassified to long term loans advanced from directors (note 20(b)).

**25. BANKING FACILITIES**

As at 31 March 2005, the Group had unsecured banking facilities totalling HK\$6 million.

**26. COMMITMENTS**

As at 31 March 2005 the Group had the following commitments:

**(a) Operating lease commitments**

Total future minimum lease payments under non-cancellable operating leases in respect of office premises are as follows:

	<b>The Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	260	240
In the second to fifth years	960	960
After five years	710	950
	1,930	2,150
	1,930	2,150

**(b) Other commitments**

Pursuant to a contract entered into between one of the Company's subsidiaries and an independent party in the PRC whereby the Group's factory is located, the Group is committed to pay to the independent party an annual management fee in respect of the land use right until the year of 2048. An analysis of the management fee commitment is as follows:

	<b>The Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	1,265	1,265
In the second to fifth years	5,387	5,260
After five years	77,458	78,849
	84,110	85,374
	84,110	85,374

Save as disclosed above, the Group and the Company did not have any other significant capital or financial commitments as at 31 March 2005 (2004: Nil).

**27. CONTINGENT LIABILITIES**

At 31 March 2005, there were contingent liabilities in respect of guarantees issued by the Company in favour of third parties to an extent of approximately HK\$22,364,000 in respect of term loans borrowed by the third parties to subsidiaries (2004: Nil). The term loans were utilised by the subsidiaries of the Company.

Save as disclosed above, the Group and the Company did not have any significant contingent liabilities as at 31 March 2005 (2004: Nil).

**28. RELATED PARTY TRANSACTIONS**

During the year, consultancy fee of HK\$282,000 was paid to a spouse of a director of the Company.

Save as disclosed above, the Group did not enter into any material related party transactions during the year (2004: Nil).

## 29. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (i) the LCD products segment consists of the manufacture and sale of LCD and LCD modules; and
- (ii) the LCD consumer products segment consists of the manufacture and sale of calculators, and other electronic products.

In determining the Group's geographical segment, revenue is attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

## (a) Business segments

	LCD products		LCD consumer products		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>REVENUE</b>								
External revenue	61,836	50,628	39,308	42,202	-	-	101,144	92,830
Inter-segment revenue*	2,423	2,873	-	-	(2,423)	(2,873)	-	-
Total revenue	<u>64,259</u>	<u>53,501</u>	<u>39,308</u>	<u>42,202</u>	<u>(2,423)</u>	<u>(2,873)</u>	<u>101,144</u>	<u>92,830</u>
<b>RESULTS</b>								
Segment results	<u>(13,276)</u>	<u>(8,486)</u>	<u>(5,260)</u>	<u>1,403</u>	<u>60</u>	<u>(113)</u>	(18,476)	(7,196)
Other revenue							4	-
Unallocated corporate expenses							(4)	(4,332)
Reduction in provision for litigations							-	626
Reduction in provision for other payables							150	271
Loss before taxation							(18,326)	(10,631)
Taxation							-	-
Loss for the year							<u>(18,326)</u>	<u>(10,631)</u>

\* Inter-segment revenue is charged based on terms mutually agreed between the segments.

	LCD products		LCD consumer products		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>								
Segment assets	<u>131,564</u>	<u>128,683</u>	<u>58,232</u>	<u>60,084</u>	<u>-</u>	<u>(383)</u>	189,796	188,384
Long term investment							1,280,986	-
Unallocated corporate assets							<u>386</u>	<u>14,605</u>
Consolidated total assets							<u>1,471,168</u>	<u>202,989</u>
<b>LIABILITIES</b>								
Segment liabilities	<u>31,971</u>	<u>29,100</u>	<u>20,037</u>	<u>16,895</u>	<u>-</u>	<u>(383)</u>	52,008	45,612
Unallocated corporate liabilities							<u>10,649</u>	<u>20,743</u>
Consolidated total liabilities							<u>62,657</u>	<u>66,355</u>
Other segment information:								
Capital expenditure	1,981	1,810	5,833	20,724	-	-	7,814	22,534
Depreciation and amortisation	4,230	2,900	3,309	2,515	-	-	7,539	5,415
Non-cash expenses other than depreciation and amortisation	-	30	-	-	-	-	-	30

**(b) Geographical segments**

	Hong Kong		PRC		Japan		Others		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>57,908</u>	<u>76,472</u>	<u>15,830</u>	<u>4,879</u>	<u>24,432</u>	<u>4,209</u>	<u>2,974</u>	<u>7,270</u>	<u>101,144</u>	<u>92,830</u>
Other segment information:										
Segment assets	19,020	15,800	170,776	172,584	-	-	-	-	189,796	188,384
Capital expenditure	<u>487</u>	<u>260</u>	<u>7,327</u>	<u>22,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,814</u>	<u>22,534</u>

**30. EVENTS AFTER THE BALANCE SHEET DATE**

- (a) In April 2005, the convertible notes in aggregate of HK\$1,400,000 were converted into 1,084,856,676 new ordinary shares.
- (b) Subsequent to the balance sheet date, the Company's interest in Greek Mythology was increased from 13.79% (note 15) to 16% after the completion of the repurchase of shares in Greek Mythology from its shareholder.

**31. COMPARATIVE FIGURES**

For the consolidated balance sheet at 31 March 2005, provision for litigations of HK\$1,600,000 has been reclassified to trade and other payables to conform to the current year's presentation.

**32. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 27 July 2005.

**(C) AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003**

The following is the auditors' report on the consolidated financial statements of the Company for the year ended 31 March 2003 as extracted from the annual report of the Company for the year ended 31 March 2003.

## **RSM Nelson Wheeler**

羅 申 美 會 計 師 行

Certified Public Accountants

To the shareholders of

**A-MAX HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 17 to 49 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### **Respective responsibilities of directors and auditors**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group and the Company, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited as set out below:

1. The previous auditors are unable to form an opinion on the financial statements of the Group and the Company for the year ended 31 March 2002 in view of the pervasive nature of the limitations on the scope of the audit resulting from substantial missing supporting documentation and relevant accounting records and because the Directors were unable to satisfy themselves as to whether the following amounts included in the Group's and the Company's balance sheets as at 31 March 2002 were free from material misstatement:
  - the Group's fixed assets with net book value of approximately HK\$96,409,000;
  - the Group's trade and other receivables of approximately HK\$296,000;
  - the Group's bank and cash balances of approximately HK\$1,466,000;
  - the Group's and the Company's trade and other payables of approximately HK\$250,515,000 and HK\$226,307,000 respectively; and
  - the Group's and the Company's net amounts due to subsidiaries not consolidated of approximately HK\$148,374,000 and HK\$884,000 respectively.

There are no alternative audit procedures that we could carry out to enable us to express an opinion on the previous year's financial statements. Accordingly, we are unable to satisfy ourselves as to whether the state of the affairs of the Group and the Company as at 31 March 2002, and the results and cash flows of the Group for the year then ended which represented the comparative figures of the current year's financial statements are fairly stated.

2. The Directors have been unable to satisfy themselves as to whether the following amounts included in the consolidated income statement for the year ended 31 March 2003 are free from material misstatement:
  - reduction in provision for net amounts due to subsidiaries not consolidated of approximately HK\$148,366,000;
  - reduction in provision for indemnified liabilities of subsidiaries not consolidated of approximately HK\$180,734,000;
  - reduction in provision for other payables of approximately HK\$29,781,000;

- write off of trade and other receivables of approximately HK\$296,000;
  - write off of bank and cash balances of approximately HK\$1,458,000;
  - write off of fixed assets of approximately HK\$3,831,000; and
  - depreciation of approximately HK\$14,798,000 on the cost of fixed assets brought forward from previous year.
3. The Directors are unable to satisfy themselves as to the completeness of recording of transactions entered into by the Group and of the completeness of disclosure of commitments and contingent liabilities for the period from 1 April 2002 to 21 August 2002 in the financial statements. Furthermore, the Directors are unable to determine the completeness of related party transactions for the period from 1 April 2002 to 21 August 2002.
4. As explained in note 16(b) to the financial statements, certain subsidiaries were disposed of during the Group Restructuring. The Directors are unable to obtain sufficient information to include the results of these subsidiaries up to the date of their disposals.
5. Included in leasehold land and buildings as stated in note 15 to the financial statements is land use rights amounted to approximately HK\$4,853,000. We have not been able to obtain independent confirmation nor the Directors were able to provide original documents of the land use rights of the properties which are located in the People's Republic of China.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters set out in paragraphs 1 to 5 above. Any adjustments to the above figures may have consequential significant effects on the net assets of the Group and the Company as at 31 March 2003 and the profit and cash flows of the Group for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation made by the Directors. The financial statements have been prepared on a going concern basis, the validity of which depends upon the ability of the Group to attain profitable and positive cash flows operations to meet its future working capital and financial requirements. Details of the circumstances relating to this fundamental uncertainty are described in note 5 to the financial statements. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.



**Qualified opinion: Disclaimer on view given by financial statements**

Because of the significance of the possible effects of the limitations in evidence available to us referred to in the basis of opinion section of this report, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the affairs of the Group and the Company as at 31 March 2003 or of the results and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitations on our work as set out in the basis of opinion section of this report:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of accounts have been kept.

**RSM Nelson Wheeler**

*Certified Public Accountants*

Hong Kong, 30 July 2003

## 6. INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

Set out below is the unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 September 2005 as extracted from the interim report of the Company for the six months ended 30 September 2005.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

*For the period ended 30 September 2005*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2005</b>	<b>2004</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	2, 3	49,027	54,419
Cost of sales		<u>(52,870)</u>	<u>(50,966)</u>
Gross (loss)/profit		(3,843)	3,453
Other revenue		1,386	137
Write back of overprovision		1,600	1,750
Selling and distribution costs		(1,631)	(1,083)
General and administrative expenses		<u>(7,225)</u>	<u>(6,288)</u>
<b>LOSS FROM OPERATING ACTIVITIES</b>		(9,713)	(2,031)
Finance costs	5	<u>(662)</u>	<u>(698)</u>
<b>LOSS BEFORE TAXATION</b>	4	(10,375)	(2,729)
Taxation	6	<u>–</u>	<u>–</u>
<b>NET LOSS ATTRIBUTABLE TO SHAREHOLDERS</b>	2	<u><u>(10,375)</u></u>	<u><u>(2,729)</u></u>
<b>LOSS PER SHARE</b>	7		
Basic		<u>0.3 cent</u>	<u>1.5 cent</u>
Diluted		<u>0.12 cent</u>	<u>0.05 cent</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2005

		<b>30 September 2005</b>	<b>31 March 2005</b>
	<i>Notes</i>	<b>(Unaudited)</b> <i>HK\$'000</i>	<b>(Audited)</b> <i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment		148,903	151,431
Leasehold land		4,591	4,644
Long term investment	9	<u>1,281,296</u>	<u>1,280,986</u>
		<u>1,434,790</u>	<u>1,437,061</u>
Current assets			
Inventories		13,168	13,919
Trade receivables	8	15,287	13,011
Prepayments and other receivables		1,087	1,105
Bank and cash balances		<u>4,675</u>	<u>6,072</u>
		<u>34,217</u>	<u>34,107</u>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	10	<u>30,967</u>	<u>28,326</u>
Non-current liabilities			
Long term borrowings		35,850	30,131
Convertible notes	11	<u>2,800</u>	<u>4,200</u>
		<u>38,650</u>	<u>34,331</u>
<b>NET ASSETS</b>		<u><u>1,399,390</u></u>	<u><u>1,408,511</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	3,750	2,665
Reserves		<u>1,395,640</u>	<u>1,405,846</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>1,399,390</u></u>	<u><u>1,408,511</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the period ended 30 September 2005*

	<i>Notes</i>	<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2005</b>	<b>2004</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 April		1,408,511	136,634
Net loss for the period		(10,375)	(2,729)
Shares issued for conversion of convertible notes	<i>11, 12</i>	<u>1,254</u>	<u>1,400</u>
As at 30 September		<u><u>1,399,390</u></u>	<u><u>135,305</u></u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 September 2005*

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash outflow from operating activities	(3,345)	(4,165)
Net cash outflow from investing activities	<u>(1,515)</u>	<u>(5,654)</u>
Net cash outflow before financing	(4,860)	(9,819)
Net cash inflow/(outflow) from financing	<u>3,463</u>	<u>(3,517)</u>
Decrease in cash and cash equivalents	(1,397)	(13,336)
Cash and cash equivalents as at 1 April	<u>6,072</u>	<u>23,705</u>
Cash and cash equivalents as at 30 September represented by cash and bank balances	<u><u>4,675</u></u>	<u><u>10,369</u></u>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the period ended 30 September 2005*

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The unaudited condensed consolidated interim accounts have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable requirements of Appendix 16 of the Listing Rules.

The condensed interim accounts should be read in conjunction with the annual report for the year ended 31 March 2005.

The accounting policies and methods of computation used in the preparation of the condensed interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2005 except that the Group has changed certain of its accounting policies following its adoption of new or revised HKFRSs and HKASs which are effective for accounting periods beginning on or after 1 January 2005.

The adoption of these new or revised HKFRSs and HKASs however has had no material effect on the Group’s accounting policies except for certain presentation and disclosure of the accounts.

**2. SEGMENT INFORMATION**

The Group’s operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group’s business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the LCD products segment consisted of the manufacture and sale of LCD and LCD modules; and
- (b) the LCD consumer products segment consists of the manufacture and sale of electronic consumer products.

In determining the Group’s geographical segment, turnover and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on their locations.

**(a) Business segments**

The following tables present turnover, results, asset and liability information for the Group's business segments.

Group	LCD products Unaudited Six months ended 30 September		LCD consumer products Unaudited Six months ended 30 September		Consolidated Unaudited Six months ended 30 September	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover	<u>33,821</u>	<u>35,537</u>	<u>15,206</u>	<u>18,882</u>	<u>49,027</u>	<u>54,419</u>
Segment results	<u>(5,974)</u>	<u>(3,117)</u>	<u>(6,725)</u>	<u>(801)</u>	(12,699)	(3,918)
Other revenue					1,386	137
Write back of overprovision					<u>1,600</u>	<u>1,750</u>
Loss from operating activities					(9,713)	(2,031)
Finance costs					<u>(662)</u>	<u>(698)</u>
Loss before taxation					(10,375)	(2,729)
Taxation					<u>-</u>	<u>-</u>
Loss attributable to shareholders					<u>(10,375)</u>	<u>(2,729)</u>
<b>Group</b>	<b>LCD products</b>		<b>LCD consumer products</b>		<b>Consolidated</b>	
	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>	<b>30 September</b>	<b>31 March</b>
	<b>2005</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>						
Segment assets	<u>133,819</u>	<u>131,564</u>	<u>53,827</u>	<u>58,232</u>	187,646	189,796
Long term investment					1,281,296	1,280,986
Unallocated corporate assets					<u>65</u>	<u>386</u>
Consolidated total assets					<u>1,469,007</u>	<u>1,471,168</u>
<b>LIABILITIES</b>						
Segment liabilities	<u>37,710</u>	<u>31,971</u>	<u>24,894</u>	<u>20,037</u>	62,604	52,008
Unallocated corporate liabilities					<u>7,013</u>	<u>10,649</u>
Consolidated total liabilities					<u>69,617</u>	<u>62,657</u>

**(b) Geographical segments**

No geographical segmental information was disclosed as the Group's turnover and results are attributable mainly from Asia based customers, while the assets and capital expenditures are mainly in the PRC.

**3. TURNOVER**

Turnover represents the invoiced value of goods sold during the period and net of trade discounts and returns.

**4. LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of sales	52,870	50,966
Depreciation	4,096	3,694
Operating lease rentals in respect of land and buildings	691	784
Staff costs	4,485	3,250
	<u>4,485</u>	<u>3,250</u>

**5. FINANCE COSTS**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interests	662	698
	<u>662</u>	<u>698</u>

**6. TAXATION**

No provision for Hong Kong profits tax and overseas tax have been made as the Group did not have any assessable profits for the period.

**7. LOSS PER SHARE**

The calculation of the basic loss per share is based on the Group's unaudited net loss attributable to shareholders for the six months ended 30 September 2005 of HK\$10,375,000 (2004: HK\$2,729,000) and the weighted average number of 3,727,534,300 shares (2004: 176,735,221 shares).

The calculation of the diluted loss per share is based on the Group's unaudited net loss attributable to shareholders for the six months ended 30 September 2005 of HK\$10,375,000 (2004: HK\$2,729,000) and the weighted average number of 8,455,143,066 shares (2004: 5,006,207,551 shares).

**8. TRADE RECEIVABLES**

The Group allows an average credit period of 30 days to 60 days to its trade customers. An aged analysis of trade receivables is as follows:

	<b>30 September</b>	<b>31 March</b>
	<b>2005</b>	<b>2005</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – 30 days	7,909	6,187
31 – 60 days	3,404	2,104
61 – 90 days	1,507	1,060
Over 90 days	2,467	3,660
	<u>15,287</u>	<u>13,011</u>

## 9. LONG TERM INVESTMENT

	<b>30 September 2005 (Unaudited) HK\$'000</b>	<b>31 March 2005 (Audited) HK\$'000</b>
Investment in Greek Mythology, unlisted	<u>1,281,296</u>	<u>1,280,986</u>

As at 30 September 2005, the Company's holding in Greek Mythology exceeded 10% of the total assets of the Company.

Name	Place of incorporation/ operation	Class of shares	Attributable equity interest held by the Company	Principal activities
Greek Mythology (Macau) Entertainment Group Corporation Limited	Macau	Ordinary	19.9%	Gaming and entertainment

## 10. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

	<b>30 September 2005 (Unaudited) HK\$'000</b>	<b>31 March 2005 (Audited) HK\$'000</b>
Trade payables		
Current – 30 days	5,463	4,016
31 – 60 days	7,389	5,374
61 – 90 days	4,918	4,035
Over 90 days	<u>8,249</u>	<u>6,711</u>
	26,019	20,136
Other payables	<u>4,948</u>	<u>8,190</u>
	<u>30,967</u>	<u>28,326</u>

## 11. CONVERTIBLE NOTES

During the period under review, a total of HK\$1,400,000 convertible notes were converted into shares. As at 30 September, 2005, convertible notes amounted to HK\$2,800,000 were outstanding.



## 12. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares</b>	<b>Amount HK\$'000</b>
AUTHORISED			
Ordinary shares of HK\$0.001 each			
As at 31 March 2005 and 30 September 2005		<u>40,000,000,000</u>	<u>40,000</u>
ISSUED AND FULLY PAID			
As at 1 April 2005		2,664,838,010	2,665
Conversion of the convertible notes	<i>11</i>	<u>1,084,856,676</u>	<u>1,085</u>
As at 30 September 2005		<u>3,749,694,686</u>	<u>3,750</u>

## 13. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Company announced on 8 November 2005 that it had entered into an agreement with Mr. Ng Man Sun, pursuant to which the Company has conditionally agreed to purchase additional 30% interest in Greek Mythology for HK\$2,056,572,380. Such consideration will be satisfied (i) as to HK\$601,850,273 by the issue of 1,074,732,630 shares, at the issue price of HK\$0.56 per share, and (ii) as to the balance of HK\$1,454,722,107 by the issue of a 10-year zero-interest promissory note by the Company. Upon completion of the acquisition, the Company's interest in Greek Mythology would be increased to approximately 49.9% from 19.9%. However, the acquisition would be subject to the approval of the shareholders.

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants, CCIF CPA Limited, Certified Public Accountants, Hong Kong.*

**CCIF****CCIF CPA LIMITED**

37/F Hennessy Centre  
500 Hennessy Road  
Causeway Bay, Hong Kong

17 February 2006

The Directors  
A-Max Holdings Limited

We set out below our report on the financial information relating to Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology”) including the income statement, the statement of changes in equity and the cash flow statement for the period from 13 September 2004 (date of incorporation) to 30 November 2005 (the “Relevant Period”) and the balance sheet as at 30 November 2005 (the “Financial Information”) for inclusion in the circular of A-Max Holdings Limited (the “Company”) dated 17 February 2006 (the “Circular”).

Greek Mythology was incorporated in Macau Special Administrative Region of the People’s Republic of China (“Macau”) on 13 September 2004 as a private limited company.

Greek Mythology prepares financial statements in accordance with the relevant accounting rules and regulations in Macau. Greek Mythology adopts 31 December as its year end date. In the opinion of the directors of Greek Mythology, the first accounts will be prepared for the period from 13 September 2004 (date of incorporation) to 31 December 2005 as Greek Mythology commenced its operations on 23 December 2004, and therefore the statutory financial statements of Greek Mythology were not required to be audited by independent auditors during the Relevant Period.

## **BASIS OF PREPARATION**

The Financial Information has been prepared by the directors of Greek Mythology based on the management accounts of Greek Mythology on the basis set out in Section V note 1 to conform with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS**

The directors of Greek Mythology are responsible for the preparation of the Financial Information which gives a true and fair view. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on the Financial Information.

### **BASIS OF OPINION**

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have audited the Financial Information of Greek Mythology for the Relevant Period in accordance with Statements of Auditing Standards and Guidelines issued by the HKICPA and we have carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline “Prospectuses and the Reporting Accountant” issued by the HKICPA. We have not audited any financial statements of Greek Mythology in respect of any period subsequent to 30 November 2005.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Information. It also includes an assessment of the significant estimates and judgements made by the directors of Greek Mythology in the preparation of the Financial Information, and of whether the accounting policies are appropriate to the circumstances of Greek Mythology, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Financial Information is free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the preparation of Financial Information. We believe that our audit provides a reasonable basis for our opinion.

### **OPINION**

In our opinion, the Financial Information for the purpose of this report, and on the basis of presentation set out in Section V note 1, gives a true and fair view of the state of affairs of Greek Mythology as at 30 November 2005 and of the results and cash flows for the period from 13 September 2004 (date of incorporation) to 30 November 2005 and has been properly prepared in accordance with HKFRS.

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**APPENDIX II FINANCIAL INFORMATION ON GREEK MYTHOLOGY**

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**(I) INCOME STATEMENT**

		<b>Period from 13 September 2004 (date of incorporation) to 30 November 2005</b>
	<i>Note</i>	<i>HK\$'000</i>
Turnover	2	624,675
Direct costs		<u>(187,526)</u>
Gross profit		437,149
Operating expenses		<u>(100,511)</u>
Profit from operations		336,638
Finance costs		<u>(18,986)</u>
Profit from ordinary activities before taxation	3	317,652
Income tax expense	4	<u>—</u>
Profit attributable to equity holders		<u><u>317,652</u></u>
Dividends	5	<u><u>1,942</u></u>

**APPENDIX II FINANCIAL INFORMATION ON GREEK MYTHOLOGY**

**(II) BALANCE SHEET**

	<i>Note</i>	<b>At 30 November 2005 HK\$'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	6	522,920
<b>Current assets</b>		
Trade and other receivables	7	60,750
Cash and cash equivalents	8	83,417
<b>Total current assets</b>		<u>144,167</u>
<b>Total assets</b>		<u><u>667,087</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	9	2,342
Reserves	10	<u>(70,943)</u>
<b>Total equity</b>		(68,601)
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Interest bearing borrowings	11	100,000
Non-interest bearing borrowings	12	500,000
<b>Total non-current liabilities</b>		600,000
<b>Current liabilities</b>		
Interest payable		18,986
Other payable		4,211
Due to a major shareholder	13	112,491
<b>Total current liabilities</b>		<u>135,688</u>
<b>Total liabilities</b>		<u>735,688</u>
<b>Total equity and liabilities</b>		<u><u>667,087</u></u>
<b>Net current assets</b>		<u><u>8,479</u></u>
<b>Total assets less current liabilities</b>		<u><u>531,399</u></u>

**(III) STATEMENT OF CHANGES IN EQUITY**

	<i>HK\$'000</i>	<i>HK\$'000</i>
Total equity at 13 September 2005 (date of incorporation)		–
Net profit for the Relevant Period		317,652
Dividends declared or approved during the Relevant Period		(1,942)
Movements in equity arising from capital transactions with equity holders:		
Shares issued	2,913	
Legal reserve arising from redemption of 160 shares	155	
Shares repurchased	<u>(387,379)</u>	<u>(384,311)</u>
Total equity at 30 November 2005		<u><u>(68,601)</u></u>

**Non-cash transactions**

- (a) In December 2004, Greek Mythology issued 160 shares of MOP1,000 each at a price of HK\$8,000,000 (approximately MOP8,240,000) per share for the total consideration of HK\$1,280,000,000. The consideration was satisfied by the Company's convertible notes.
- (b) On 25 January 2005, 17 February 2005 and 21 February 2005, Greek Mythology exercised its right to convert all of the convertible notes in the principal amount of HK\$1,280,000,000 into the Company's 362,946,710 shares of HK\$0.001 each.
- (c) Greek Mythology redeemed its 160 shares of MOP1,000 each for the total consideration of HK\$1,280,000,000. The consideration was satisfied by the Company's 362,946,710 shares of HK\$0.001 each held by Greek Mythology.

(IV) CASH FLOW STATEMENT

	<i>Note</i>	<b>Period from 13 September 2004 (date of incorporation) to 30 November 2005</b>	
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Operating activities</b>			
Profit from ordinary activities before taxation		317,652	
Adjustments for:			
Depreciation and amortisation		52,430	
Interest expenses		18,986	
		<u>          </u>	
<b>Operating profit before changes in working capital</b>		389,068	
Increase in trade and other receivables		(60,750)	
Increase in amount due to a major shareholder		112,491	
		<u>          </u>	
<b>Net cash from operating activities</b>			440,809
<b>Investing activities</b>			
Payments for acquisition of fixed assets		(571,139)	
		<u>          </u>	
<b>Net cash used in investing activities</b>			(571,139)
<b>Financing activities</b>			
Loans raised from related companies		500,000	
Loan raised from a major shareholder		100,000	
Proceeds from shares issued		3,068	
Payment for redemption of shares		(387,379)	
Dividend paid		(1,942)	
		<u>          </u>	
<b>Net cash from financing activities</b>			<u>213,747</u>
<b>Net increase in cash and cash equivalents</b>			83,417
<b>Cash and cash equivalents at 13 September 2004 (date of incorporation)</b>			<u>          </u>
<b>Cash and cash equivalents at 30 November 2005</b>	9		<u><u>83,417</u></u>

**(V) NOTES TO THE FINANCIAL INFORMATION****1. Significant accounting policies***(a) Statement of compliance*

The Financial Information set out in this report has been prepared in accordance with significant accounting policies set out below. These accounting policies are in accordance with all applicable HKFRS (which includes all applicable Hong Kong Accounting Standards, Statements of Standard Accounting Practice and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The following standards have been early adopted as at the beginning of the Relevant Period:

- HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
- HKFRS 3, Business combinations
- HKFRS 5, Non-current assets held for sale and discontinued operations
- HKAS 1, Presentation of financial statements
- HKAS 2, Inventories
- HKAS 7, Cash flow statements
- HKAS 8, Accounting policies, changes in accounting estimates and errors
- HKAS 10, Events after the balance sheet date
- HKAS 12, Income taxes
- HKAS 14, Segment reporting
- HKAS 16, Property, plant and equipment
- HKAS 17, Leases
- HKAS 18, Revenue
- HKAS 19, Employee benefits
- HKAS 20, Accounting for government grants and disclosure of government assistance
- HKAS 21, The effects of changes in foreign exchange rates
- HKAS 23, Borrowing costs
- HKAS 24, Related party disclosures
- HKAS 26, Accounting and reporting by retirement benefit plans
- HKAS 32, Financial instruments: Disclosure and presentation
- HKAS 33, Earnings per share
- HKAS 36, Impairment of assets
- HKAS 37, Provisions, contingent liabilities and contingent assets
- HKAS 38, Intangible assets
- HKAS 39, Financial instruments: Recognition and measurement

The Financial Information presented also complies with the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

*(b) Basis of preparation of the Financial Information*

The Financial Information are in Hong Kong dollars, rounded to the nearest thousand. The measurement basis used in the preparation of the Financial Information is historical cost.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the reporting date of the Financial Information and the reported amounts of revenue and expenses during the Relevant Period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



(c) *Fixed assets and depreciation*

- (i) Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(e)). The cost of an asset comprises its purchase price and directly attributable costs of bring the assets to working condition and location for its intended use.
- (ii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (iii) Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	10 years
Furniture and equipment	3-10 years

- (iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

(d) *Accounts receivable*

Accounts receivable are stated at their cost less impairment losses (see note 1(e)).

(e) *Impairment of assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the fixed assets and accounts receivable may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of such an asset exceeds its recoverable amount.

- (i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- (ii) Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(f) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of Greek Mythology's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(g) *Employee benefits*

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of Greek Mythology. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(h) *Income tax*

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

- (iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, Greek Mythology has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:
  - in the case of current tax assets and liabilities, Greek Mythology intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settled simultaneously.

(i) *Provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when Greek Mythology has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(j) *Revenue recognition*

Provided it is probable that the economic benefits will flow to Greek Mythology and the revenue and costs, if applicable, can be measured reliably, revenue from the gaming business is recognised when the relevant services have been rendered and is measured at Greek Mythology's entitlement of economic inflows from the business.

(k) *Operating lease charges*

Where Greek Mythology has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

(l) *Translation of foreign currencies*

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

(m) *Borrowing costs*

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(n) *Related parties*

For the purposes of the Financial Information, parties are considered to be related to Greek Mythology if Greek Mythology has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Greek Mythology and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(o) *Segment reporting*

A segment is a distinguishable component of Greek Mythology that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Greek Mythology has only one business segment, the management of a casino, and operates in one geographical segment, Macau, during the Relevant Period. Accordingly, no segmental information is presented.

**2. Turnover**

Greek Mythology is the gaming promoter and is principally engaged in the gaming and entertainment business and manages a casino operated under the gaming concession of Sociedade de Jogos de Macau, S.A. in the New Century Hotel (the “Greek Mythology Casino”) for which Greek Mythology has entered into an agreement (the “Agreement”) with Macau Hotel Developers Limited, which owns the New Century Hotel. Under the Agreement, Greek Mythology undertakes for the provision of a steady flow of customers to the Greek Mythology Casino and in return, its entitlements are determined by reference to various rates on net gaming wins.

Turnover represents revenue from gaming business and is after the deduction of the tax of gaming promoters.

**3. Profit from ordinary activities before taxation**

Profit from ordinary activities before taxation is arrived at after charging:

	<b>Period from 13 September 2004 (date of incorporation) to 30 November 2005</b> <i>HK\$'000</i>
(a) Finance costs	
Interest on loans from related companies	18,986
(b) Staff costs	
Salaries and other benefits	2,127
(c) Other items	
Direct costs – commissions	187,526
Directors’ remuneration	–
Operating lease rentals in respect of the Greek Mythology Casino	28,000
Depreciation and amortisation	52,430
Preliminary expenses written off	15,076

**4. Income tax expense**

No provision for Macau Complementary Tax has been made since Greek Mythology has been exempted from Macau Complementary Tax in respect of income of the gaming promoters for the years up to 2007.

	Period from 13 September 2004 (date of incorporation) to 30 November 2005 <i>HK\$'000</i>		%
Profit from ordinary activities before taxation	317,652		
Notional tax on profit before tax, calculated at the progressive rates applicable to the respective profit level	39,244		12.4
Tax effect of income exempted	(39,244)		(12.4)
	<u>–</u>		<u>–</u>

#### 5. Dividend

	Period from 13 September 2004 (date of incorporation) to 30 November 2005 <i>HK\$'000</i>
Interim dividend approved and paid during the Relevant Period	<u>1,942</u>

#### 6. Fixed assets

	Leasehold improvements <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions and at 30 November 2005	530,277	45,073	575,350
Charge for the Relevant Period and at 30 November 2005	(47,015)	(5,415)	(52,430)
Net book value at 30 November 2005	<u>483,262</u>	<u>39,658</u>	<u>522,920</u>

Leasehold improvements mainly comprised of costs for construction of Greek Mythology Casino.

#### 7. Trade and other receivables

	At 30 November 2005 <i>HK\$'000</i>
Rental deposits	6,000
Trade receivables	45,885
Other receivables	8,865
Total trade and other receivables	<u>60,750</u>
The ageing analysis of trade receivables is as follows: within 30 days	<u>45,885</u>

## APPENDIX II FINANCIAL INFORMATION ON GREEK MYTHOLOGY

### 8. Cash and cash equivalents

	At 30 November 2005 <i>HK\$'000</i>
Cash in hand	30,385
Cash chips in hand	52,975
Cash at bank	57
Cash and cash equivalents in the balance sheet and in the cash flow statement	83,417

### 9. Share capital

	At 30 November 2005	
	<i>Number of shares</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
Shares of MOP1,000 each	2,412	2,342
<i>Issued and fully paid:</i>		
Shares issued upon incorporation	100	97
Shares issued during the Relevant Period	3,060	2,971
Shares redeemed during the Relevant Period	(748)	(726)
At 30 November 2005	2,412	2,342

Greek Mythology was incorporated on 13 September 2004 with an authorised share capital of MOP100,000 (approximately equivalent to HK\$97,000) divided into 100 shares of MOP1,000 each. On the same date, 100 shares of MOP1,000 each were issued at par.

During the Relevant Period, Greek Mythology increased its authorised share capital by the creation of 3,060 shares of MOP1,000 each, and Greek Mythology issued 2,900 shares and 160 shares of MOP1,000 each at par and at a price of HK\$8,000,000 (approximately MOP8,240,000) per share, respectively.

During the Relevant Period, Greek Mythology decreased its authorised and issued share capital by the redemption of 748 shares of MOP1,000 each. The total consideration of the redemption of Greek Mythology's 160 shares and 588 shares were approximately MOP1,318,400,000 (approximately HK\$1,280,000,000) and MOP399,000,000 (approximately HK\$387,379,000), respectively. The accounting treatments of the share redemption of Greek Mythology conducted in 2005 is consistent with the accounting policy adopted by Greek Mythology. In the opinion of legal advisers, Greek Mythology has complied with the laws of Macau and its article of association in the reduction of its share capital during the Relevant Period.

## APPENDIX II FINANCIAL INFORMATION ON GREEK MYTHOLOGY

### 10. Reserves

	Share premium <i>HK\$'000</i>	Legal reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 13 September 2004 (date of incorporation)	–	–	–	–	–
Appropriations to legal reserve	–	586	–	(586)	–
Premium on redemption of 588 shares	–	–	(386,808)	–	(386,808)
Issuance of shares at premium	1,279,845	–	–	–	1,279,845
Premium on redemption of 160 shares	(1,279,845)	155	–	–	(1,279,690)
Profit for the Relevant Period	–	–	–	317,652	317,652
Dividend paid ( <i>note 5</i> )	–	–	–	(1,942)	(1,942)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2005	–	741	(386,808)	315,124	(70,943)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 11. Interest-bearing borrowings

	At 30 November 2005 <i>HK\$'000</i>
Loan from China Winner Holdings Limited ( <i>note (a)</i> )	400,000
Loan from China Kingdom Holdings Limited ( <i>note (b)</i> )	100,000
	<hr/>
	500,000
	<hr/> <hr/>

*Notes:*

- (a) The loan from China Winner Holdings Limited is secured by all the assets of Greek Mythology, carried interest at 70% of the prime rate and is repayable on a thirty year period from the date of drawdown.

Mr. Ng Man Sun, the controlling shareholder of Greek Mythology, has controlling interest in China Winner Holdings Limited.

- (b) The loan from China Kingdom Holdings Limited is unsecured, carried interest at 8% per annum and is repayable on a thirty year period from the date of drawdown.

Mr. Ng Man Sun, the controlling shareholder of Greek Mythology, has controlling interest in China Kingdom Holdings Limited.

### 12. Non-interest bearing borrowings

	At 30 November 2005 <i>HK\$'000</i>
Loan from Mr. Ng Man Sun, a controlling shareholder of Greek Mythology	100,000
	<hr/> <hr/>

The loan is unsecured and non-interest bearing. Mr. Ng Man Sun has agreed not to demand for repayment until Greek Mythology is financially capable to do so.

### 13. Due to a major shareholder

The amount due to Mr. Ng Man Sun, a controlling shareholder of Greek Mythology, is unsecured, non-interest bearing and has no fixed term of repayment.

**14. Related party transactions**

- (a) During the Relevant Period, transactions with the following parties are considered as related party transactions:

<b>Name of party</b>	<b>Relationship</b>
Mr. Ng Man Sun	Controlling shareholder of Greek Mythology
Macau Hotel Developers Limited (which owns New Century Hotel)	Mr. Ng Man Sun having controlling interest
China Winner Holdings Limited	Mr. Ng Man Sun having controlling interest
China Kingdom Holdings Limited	Mr. Ng Man Sun having controlling interest

- (b) During the Relevant Period, the following significant related party transactions took place:

- (i) Greek Mythology entered into a lease arrangement with Macau Hotel Developers Limited for leasing of the Greek Mythology Casino in the New Century Hotel for an amount of HK\$2 million per month for a period of eight years commencing on 10 October 2004 and expiring on 30 September 2012, with an option to renew the lease when all terms are renegotiated. During the Relevant Period, Greek Mythology paid operating lease charge of HK\$28,000,000 for leasing of the Greek Mythology Casino. Such rentals are payable at a pre-determined amount per month by reference to market rates in accordance with the terms of the tenancy agreement signed by Greek Mythology and Macau Hotel Developers Limited.
- (ii) Greek Mythology manages the Greek Mythology Casino in the New Century Hotel for which Greek Mythology has entered into an arrangement with Macau Hotel Developers Limited. Under this arrangement, Greek Mythology undertakes for the provision of a steady flow of customers to the Greek Mythology Casino at New Century Hotel and in return, Greek Mythology's entitlements are determined by reference to various rates on net gaming wins. During the Relevant Period, Greek Mythology received revenue of approximately HK\$624,675,000 according to this arrangement.
- (iii) The balances with related parties/companies are disclosed in notes 11, 12 and 13 above.

**15. Operating lease commitments**

At 30 November 2005, the total future minimum lease payments under a non-cancellable operating lease are payable as follows:

	<b>At 30 November 2005 HK\$'000</b>
Within 1 year	24,000
After 1 year but within five years	96,000
After 5 years	44,000
	164,000

Greek Mythology leases the Greek Mythology Casino at New Century Hotel under an operating lease. The lease typically for an period of eight years, with an option to renew the lease when all terms are renegotiated.



**16. Financial instruments***(a) Credit risk*

Deposits with bank

The major concentration credit risk arises from exposures to major financial institution operating in one geographical region, Macau.

Accounts receivable

For the Relevant Periods the largest customer of Greek Mythology accounted for 100% of Greek Mythology's total revenue, evidencing a significant reliance and credit risk on Greek Mythology's largest customer.

*(b) Interest rate risk*

The interest rates of loans from the major shareholder of Greek Mythology are disclosed in note 9.

*(c) Foreign currency risk*

As most of Greek Mythology's monetary assets and liabilities are denominated in the Pataca (MOP\$) and Greek Mythology conducted its business transactions principally in the Pataca (MOP\$), which was relatively stable during the Relevant Period under review, Greek Mythology experiences only immaterial exchange rate fluctuations. Greek Mythology considers that as the exchange rate risk of Greek Mythology is not significant, Greek Mythology did not employ any financial instruments for hedging purposes.

**(VI) SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by Greek Mythology in respect of any period subsequent to 30 November 2005.

Yours faithfully,  
**CCIF CPA LIMITED**  
*Certified Public Accountants*  
Hong Kong  
**Chan Wai Dune, Charles**  
Practising Certificate Number P00712

**(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED  
GROUP**

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, CCIF CPA Limited, Certified Public Accountants, Hong Kong. As described in the section headed “Documents Available For Inspection” in Appendix IV, a copy of the following report is available for inspection.



17 February 2006

The Directors  
A-Max Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of the Enlarged Group (the Listed Group (as defined herein) together with Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology”)) (the “Pro Forma Financial Information”) set out on pages 84 to 86 in Appendix III to the circular of A-Max Holdings Limited (the “Company”, and together with its subsidiaries are referred to as the “Listed Group”) dated 17 February 2006 in connection with the acquisition of an additional 30% equity interest in Greek Mythology, which has been prepared by the Company solely for illustrative purposes.

Greek Mythology was incorporated in Macau Special Administrative Region of the People’s Republic of China (“Macau”) on 13 September 2004 as a private limited company.

The historical financial information is derived from the audited historical financial information of the Listed Group as set out in Appendix I and the audited historical financial information of Greek Mythology as set out in Appendix II. The basis of preparation of the Pro Forma Financial Information is set out in the accompanying introduction and notes to the unaudited Pro Forma Financial Information of the Enlarged Group.

**Responsibilities**

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

It is our responsibility to form an opinion, as required by the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on Pro Forma Financial Information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work consisted primarily of comparing the historical amounts in the unaudited Pro Forma Financial Information with the financial information of the Listed Group and Greek Mythology as set out in Appendix I and Appendix II respectively, considering the evidence supporting the adjustments and discussing the Pro Forma Financial information with the directors of the Company.

Our work did not constitute an audit or review made in accordance with the Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such audit or review assurance on the Pro Forma Financial Information.

The Pro Forma Financial Information is for illustrative purposes only, based on the directors’ judgements and assumptions, and because of its nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position or result of:

- the Enlarged Group had the Acquisition actually completed as at the dates indicated therein; or
- the Enlarged Group at any future date or for any future periods.

**Opinion**

In our opinion:

- (a) the accompanying unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to Paragraph 29 (1) of Chapter 4 of the Listing Rules.

Yours faithfully,  
**CCIF CPA Limited**  
*Certified Public Accountants*  
Hong Kong  
**Chan Wai Dune, Charles**  
Practising Certificate Number P00712

**Introduction to the Unaudited Pro Forma Financial Information of the Enlarged Group**

The accompanying unaudited pro forma financial information of the Enlarged Group (the Listed Group (as defined herein) together with Greek Mythology (as defined herein)) (the “Pro Forma Financial Information”) has been prepared to illustrate the effect of the proposed acquisition (the “Acquisition”) of an additional 30% equity interest in Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology”) by A-Max Holdings Limited (the “Company”, and together with its subsidiaries are referred to as the “Listed Group”).

The Pro Forma Financial Information is for illustrative purposes only, based on the directors’ judgements and assumptions, and because of its nature, it does not provided any assurance or indication that any event will take place in the future and may not be indicative of the financial position or results of:

- the Enlarged Group had the Acquisition actually completed as at the dates indicated therein; or
- the Enlarged Group at any future date or for any future periods.

The purchase consideration of the Acquisition is estimated to be approximately HK\$2,056,572,380 and will be satisfied by the issuance of 1,074,732,630 shares of the Company at an issue price of HK\$0.56 per share and issuance of a 10-year zero-interest promissory note of HK\$1,454,722,107.

The accompanying unaudited pro forma income statement of the Enlarged Group for the year ended 31 March 2005 illustrate the effect of the Acquisition as if the Acquisition had been completed on 1 April 2004. The accompanying unaudited pro forma balance sheet of the Enlarged Group, which is prepared based on the balance sheet of the Listed Group as at 31 March 2005 and the balance sheet of Greek Mythology as at 30 November 2005, illustrate the effect of the Acquisition as if the Acquisition had been completed on 31 March 2005.

The accompanying unaudited Pro Forma Financial Information of the Enlarged Group is prepared based upon the audited historical financial information of the Listed Group as set out in Appendix I and the audited historical financial information of Greek Mythology as set out in Appendix II after incorporating the pro forma adjustments of the Acquisition that are (i) directly attributable to the transactions; (ii) expected to have a continuing impact on the Enlarged Group; (iii) factually supportable, are summarized in the accompanying notes.

The accompanying unaudited Pro Forma Financial Information of the Enlarged Group is also prepared based on the new set of Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

## Unaudited Pro Forma Income Statement of the Enlarged Group

For the year ended 31 March 2005

	<b>The Listed Group Historical</b> <i>HK\$'000</i>	<i>Note</i>	<b>Pro Forma adjustment</b> <i>HK\$'000</i>	<b>Pro forma Enlarged Group</b> <i>HK\$'000</i>
Turnover	101,144			101,144
Cost of sales	<u>(98,178)</u>			<u>(98,178)</u>
Gross profit	2,966			2,966
Other revenue	125			125
Selling and distribution costs	(2,861)			(2,861)
Administrative expenses	(17,383)			(17,383)
Reduction in provision for other payables	<u>150</u>			<u>150</u>
Loss from operations	(17,003)			(17,003)
Finance costs	(1,323)			(1,323)
Share of profit of an associate	<u>–</u>	<i>(1)</i>	158,508	<u>158,508</u>
Profit/(loss) before taxation	(18,326)			140,182
Income tax expense	<u>–</u>			<u>–</u>
Profit attributable to equity holders	<u><u>(18,326)</u></u>			<u><u>140,182</u></u>

## Unaudited Pro Forma Balance Sheet of the Enlarged Group

	The Listed Group As at 31 March 2005 HK\$'000	Note	Pro Forma adjustments HK\$'000	Pro forma Enlarged Group HK\$'000
<b>Non-current assets</b>				
Fixed assets				
– Property, plant and equipment	151,431			151,431
– Interests in leasehold land held for own use under operating leases	4,644			4,644
	<u>156,075</u>			<u>156,075</u>
Interest in Greek Mythology	1,280,986	(2)	2,056,572	3,337,558
	<u>1,437,061</u>			<u>3,493,633</u>
<b>Current assets</b>				
Inventories	13,919			13,919
Trade receivables	13,011			13,011
Prepayments, deposits and other receivables	1,105			1,105
Cash and cash equivalents	6,072			6,072
	<u>34,107</u>			<u>34,107</u>
<b>Current liabilities</b>				
Trade and other payables	(28,326)			(28,326)
	<u>(28,326)</u>			<u>(28,326)</u>
<b>Net current assets</b>	<u>5,781</u>			<u>5,781</u>
<b>Total assets less current liabilities</b>	1,442,842			3,499,414
<b>Non-current liabilities</b>				
Long term borrowings	(30,131)			(30,131)
Convertible notes	(4,200)			(4,200)
Promissory note	–	(3)	(1,454,722)	(1,454,722)
	<u>–</u>			<u>–</u>
<b>Net assets</b>	<u>1,408,511</u>			<u>2,010,361</u>
<b>Capital and reserves</b>				
Share capital	2,665	(4)	1,074	3,739
Reserves	1,405,846	(4)	600,776	2,006,622
	<u>1,408,511</u>			<u>2,010,361</u>

**Notes to Unaudited Pro Forma Financial Information of the Enlarged Group**

- (1) To record the Company's 49.9% equity interest in Greek Mythology in the financial results of the Enlarged Group assuming the Company had acquired Greek Mythology on 1 April 2004. The financial results of Greek Mythology are based on the audited income statement of Greek Mythology for the period from 13 September 2004 (date of incorporation) to 30 November 2005.

The share of the financial results in Greek Mythology is more than 12 months while the financial period for the Listed Group is for 12 months, it is because Greek Mythology commenced its business on 23 December 2004, the actual period of its operation is less than 12 months.

- (2) To record the cost of the Acquisition amounting to approximately HK\$2,056,572,000 as if the Acquisition had taken place on 31 March 2005.
- (3) To record the payment of the purchase consideration of approximately HK\$2,056,572,000 as if the Acquisition had taken place on 31 March 2005. The purchase consideration will be satisfied by the issuance of 1,074,732,630 shares (the "Consideration Shares") of the Company at an issue price of HK\$0.56 per share and the issuance of a 10-year zero-interest promissory note of HK\$1,454,722,000.
- (4) The value of the Consideration Shares is approximately HK\$601,850,000, of which HK\$1,074,000 is credited to share capital and the balance of approximately HK\$600,776,000 is credited to the share premium account.

The above pro forma adjustments are not expected to have a continuing effect.

**(B) INDEBTEDNESS**

As at the close of business on 31 December 2005, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had total outstanding borrowings of approximately HK\$47,708,943, comprising unsecured loans from unrelated parties of approximately HK\$44,908,943 and convertible notes of HK\$2,800,000.

Save as aforesaid, the Enlarged Group did not have, at the close of business on 31 December 2005, outstanding liabilities or any mortgages, charges, debentures, loan capital, bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, hire purchase of finance lease obligations or any guarantees or other material contingent liabilities.

**(C) WORKING CAPITAL**

The Directors of the Company are of the opinion that taking into consideration the financial resources available to the Company, including internally generated funds and the Group's existing cash and bank balances, the Enlarged Group will, following the completion of the Acquisition, have sufficient working capital for its present requirements.



## 1. RESPONSIBILITY

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>40,000,000,000</u> Shares of HK\$0.001 each	<u>40,000,000</u>
<i>Issued and fully paid:</i>	<i>HK\$</i>
<u>3,749,694,686</u> Shares of HK\$0.001 each	<u>3,749,695</u>

## 3. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

- (a) Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

Name of Director	Number of Shares held <i>(Note)</i>	Percentage of the issued share capital
Chan Chiu Hung, Alex	200,000 (L)	0.005%

*Note:* The letter "L" denotes the person's long position in such securities.

- (b) None of the Directors or the chief executive of the Company or experts named in paragraph 9 below has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2005, being the date to which the latest published audited financial statements of the Company were made up.
- (c) None of the Directors or the chief executive of the Company or experts named in paragraph 9 below is materially interested in any contract or arrangement entered into by the Company subsisting at the date of this circular which is significant in relation to the business of the Group.

#### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies (other than a Director or chief executive of the Company, whose interests are disclosed above, if any) had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group:

Name of Shareholder	Capacity	Number of shares held (Note)	Percentage of the issued share capital
East Legend Holdings Limited	Beneficial owner	362,946,710 (L)	9.68%
Ng Man Sun	Interests of controlled corporation	362,946,710 (L)	9.68%

*Note:* The letter “L” denotes the person’s long position in such securities. East Legend Holdings Limited, a company incorporated in the BVI, is ultimately and beneficially owned by Mr. Ng Man Sun.

#### 4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interest in a business which competes or may compete with the business of the Group.

**5. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

- (a) the convertible note subscription agreement dated 20 February 2004 made between the Company and Firstcom Technology Limited in respect of issue proceeds of approximately HK\$14.6 million;
- (b) the subscription agreement dated 30 November 2004 between the Company and Greek Mythology relating to the subscription of shares in Greek Mythology by the Company; and
- (c) the Sale and Purchase Agreement.

**6. LITIGATION**

As at the Latest Practicable Date, no member of the Company was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors or the Company to be pending or threatened by or against any member of the Group.

**7. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into, any service contract with any member of the Group which will not expire or be determinable by the employer within one year without payment of compensation (other than statutory compensation).

**8. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

- (d) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Shareholder.

Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with the bye-laws of the Company, at any general meeting on a show of hands, every Shareholder who is present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall (save as provided otherwise in the bye-laws of the Company) have one vote. On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative), or by proxy shall have one vote for every fully-paid Share of which he is the holder (but so that no amount paid or credited as paid up on a share in advance of calls or installments shall be treated for the foregoing purposes as paid on the Share). A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

## 9. QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts who have given, or agreed to the inclusion of, their opinions or advices in this circular:

<b>Name</b>	<b>Qualification</b>
A. Baguinho and J.M. Barros	Macau lawyers
CCIF CPA Limited	Certified Public Accountants
Sidley Austin	Solicitors
RSM Nelson Wheeler	Certified Public Accountants

As at the Latest Practicable Date, each of A. Baguinho and J.M. Barros, CCIF CPA Limited, Sidley Austin and RSM Nelson Wheeler (a) was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) was not interested in, either directly or indirectly, any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 10. CONSENTS

Each of A. Baguinho and J.M. Barros, CCIF CPA Limited, Sidley Austin and RSM Nelson Wheeler has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, opinion and/or report and reference to its name in the form and context in which it appears.

**11. MISCELLANEOUS**

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the share registrar and transfer office of the Company in Hong Kong is Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) The company secretary and qualified accountant of the Company is Mr. Lo Wing Ming, Kevin who is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia.
- (c) All references to times and dates in this circular refer to Hong Kong times and dates.
- (d) In the event of any inconsistency, the English language text of this circular and the form of proxy shall prevail over the Chinese language text.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the office of the Company at Units 11-12, 32nd Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the date of this circular up to and including 13 March 2006:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 March 2005;
- (c) the interim report of the Company for the six months ended 30 September 2004;
- (d) the material contracts referred to in paragraph 5 of this Appendix;
- (e) the written consents referred to in paragraph 10 of this Appendix;
- (f) the accountants' report on Greek Mythology from CCIF CPA Limited as set out in Appendix II to this circular;
- (g) the letter from CCIF CPA Limited in connection with the unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this circular;
- (h) the co-operation agreement between Greek Mythology and Macau Hotel Developers Limited dated 28 September 2004; and
- (i) the lease agreement between Greek Mythology and Macau Hotel Developers Limited dated 28 September 2004.



**A-MAX HOLDINGS LIMITED**  
**奧瑪仕控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

**NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the special general meeting of A-Max Holdings Limited (the “**Company**”) will be held at Room 3078 Diamond Square, 3rd Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 13 March 2006 at 11:00 a.m. for the purpose of considering, and, if thought fit, pass the following resolution as Ordinary Resolution:

**ORDINARY RESOLUTION**

**“THAT**

- (a) the conditional agreement dated 8 November 2005 (the “**Sale and Purchase Agreement**”) entered into between the Company and Mr. Ng Man Sun in relation to the acquisition of approximately a 30% interest in Greek Mythology (Macau) Entertainment Group Corporation Limited, a copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for identification purpose, be and is hereby approved, ratified and confirmed;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, the Consideration Shares (as defined in the circular of the Company dated 17 February 2006), the issue of the Consideration Shares as part payment of the consideration for the Sale and Purchase Agreement be and is hereby approved; and
- (c) any of the directors of the Company be and is hereby authorized to do on behalf of the Company whatever they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation and completion of the Agreement and the transactions contemplated therein.”

By Order of the Board  
**Chan King Ming**  
*Chairman*

Hong Kong, 17 February 2006

\* *For identification purpose only*

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## NOTICE OF SGM

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*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business  
in Hong Kong:*  
Units 11-12, 32nd Floor  
Cable TV Tower  
9 Hoi Shing Road  
Tsuen Wan, New Territories  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting by the above notice shall be entitled to appoint another person as his/her proxy to attend and vote instead of such member. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be delivered to the office of Secretaries Limited, the Company's branch share registrar and transfer office in Hong Kong at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by way of notice to or in any document accompanying the notice convening the meeting not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. As at the date of this Notice, the Board comprises Mr. Chan King Ming, Mr. Lam Cheok Va, Francis, Mr. Chan Chui Yuen as the executive directors, Mr. Chan Chiu Hung, Alex, Mr. Ng Wai Hung, and Mr. Cham Yiu Keung as the independent non-executive directors of the Company.