



A-Max Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 959

Interim Report 2006-07

Power New Growth Prospects

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Mr. Cheung Nam Chung, Brian
Mr. Siu Ting Cheong, Robert
Mr. Chan Chi Yuen
Mr. Lam Cheok Va, Francis
Ms. Li Wing Sze
Mr. Chen Zhiquan
Mr. Lee Keung Shing

Independent non-executive

Mr. Chan Chiu Hung, Alex
Mr. Lee Tsz Hong
Mr. Ng Wai Hung, Raymond

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Lo Wing Ming, Kevin

AUDITORS

CCIF CPA Limited

LEGAL ADVISERS

Sidley Austin

SEHK STOCK CODE

959

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 11-12, 32nd Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

BRANCH SHARE REGISTRAR

Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

The board of directors (the “Directors”) of A-Max Holdings Limited (the “Company”) is pleased to report the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to see the remarkable achievement for the period. With the contribution from Greek Mythology, the Group’s EBITA significantly improved by HK\$81.4 million to HK\$75.8 million from the last period’s LBITA of HK\$5.6 million. The HK\$18.2 million loss attributable to equity holders of the Company for the period ended 30 September 2006 was mainly due to the amortization of intangible assets of HK\$62.4 million and the interest on non-interest bearing promissory notes of HK\$13.0 million, which arose from further acquisition of Greek Mythology in March 2006. Although the Company does not need to pay any interest on the promissory notes, which are non-interest bearing, interest expense is calculated using the effective interest method merely for accounting purposes.

Manufacturing Business

The manufacturing business reported a 29.6% decrease in turnover to HK\$34.5 million after fading out of those lower-end lower-margin products. It is the intention of the Group to focus its manufacturing resources only on the higher-margin LCD products and continue to streamline its loss-making electronic consumer products business, of which the Group may permanently suspend in the second half of the year.

After the introduction of a number of cost saving measures and fading out of those lower-end lower-margin products, the management is pleased to see the turnaround of the manufacturing business, and the operations were able to record marginal profits in the recent months. Our investment in new technology development and expansion of sales and marketing teams have eventually paid off the Group by recently obtaining significant orders from several US and Japanese customers. The management is confident that the manufacturing operations will become profitable in the coming financial years.

Gaming and Entertainment Business

Upon the completion of acquisition of additional interest in Greek Mythology on 28 March 2006, the Company's interest in Greek Mythology increased from approximately 19.9% to 49.9%. As a result, Greek Mythology had been accounted for as an associated company of the Group for the period. For the 6 months ended 30 September 2006, Greek Mythology recorded EBITA and net profit of HK\$165.5 million and HK\$135.2 million respectively. Although the contributions from high-roller tables decreased as the result of competition, the mass market tables were able to see a moderate growth. Thanks to the successful marketing efforts, Greek Mythology was able to maintain a high level of traffic at around 25,000 customers daily.

Following the launch of out-bound ferry services at Tuen Mun Ferry Pier by Hong Kong North West Express Limited, a fellow company of Greek Mythology, in November 2006, the traffic to Greek Mythology Casino is expected to increase as more customers can take the advantage of attractive travel package offered. The management is confident that Greek Mythology is able to record a good result in the second half of the year.

Liquidity and Financial Resources

During the period under review, the Group had maintained a stable financial position. The Group had total assets and net assets of approximately HK\$2,595 million (31 March 2006: HK\$2,596 million) and HK\$1,761 million (31 March 2006: HK\$1,778 million) respectively as at 30 September 2006. Consolidated shareholders' equity as at the period end was approximately HK\$1,761 million (31 March 2006: HK\$1,778 million).

The gearing ratio as at 30 September 2006, calculated as a ratio of borrowings to shareholders' funds, was approximately 3% (31 March 2006: 3%). If the balances of convertible notes and promissory notes are included in the calculations, the gearing ratio would be 46% (31 March 2006: 45%).

Subsequent to the balance sheet date, the Company had raised approximately HK\$100 million through placements of new shares for investments and general working capital.

Interim Dividend

The Directors do not recommend any interim dividend for the six months ended 30 September 2006 (2005: Nil).

Employees and Remuneration Policy

As at 30 September 2006, the Group employed a total of approximately 600 employees in Hong Kong and the PRC. They were remunerated according to the nature of jobs and market conditions. 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

As most of the revenues generated from the sale of products and the payments for purchases of materials, components, equipment and salaries are either made in Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, the exposure to exchange rate fluctuations is low and thus the use of financial instruments for hedging purposes is considered not necessary.

Contingent Liabilities

As at 30 September 2006, the Company had no significant contingent liabilities.

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed below, as at 30 September 2006, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (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 of Hong Kong Limited (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 (the “Model Code”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange.

Name of Director	Number of shares held	Percentage of the issued share capital
Chan Chiu Hung, Alex	200,000	0.003%

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the period under review.

SUBSTANTIAL SHAREHOLDER

As at 30 September, 2006, 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 person or companies 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 members of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

There was no purchase, redemption or sale by the Company nor any of its subsidiaries of the Company’s listed securities during the period ended 30 September 2006.

AUDIT COMMITTEE

The Company has an audit committee which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

The interim results of the Group for the period under review had been reviewed by the audit committee.

REMUNERATION COMMITTEE

The remuneration committee comprises two independent non-executive Directors, and one executive Director. The remuneration committee established with specific written terms of reference, is principally responsible for reviewing and approving remuneration package for Directors and senior management. No Director or senior management will determine his own remuneration.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors of the Company have confirmed their compliance with the required standard set out in the Model Code during the period under review.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2006, save and except that the non-executive directors of the Company are not appointed for specific terms but subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company. As such, the Directors consider that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than exacting than those in the Code.

On behalf of the Board
Cheung Nam Chung, Brian
Chairman

Hong Kong, 29 December 2006

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30 September 2006

		Unaudited	
		Six months ended	
		30 September	
		2006	2005
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
TURNOVER	3	34,493	49,027
Cost of sales		(35,358)	(52,870)
Gross loss		(865)	(3,843)
Other revenue		912	1,386
Write back of overprovision		-	1,600
Selling and distribution costs		(792)	(1,631)
General and administrative expenses		(8,659)	(7,225)
LOSS FROM OPERATION		(9,404)	(9,713)
Finance costs	5	(13,919)	(662)
Share of profit of associate	9	67,476	-
Amortisation of intangible assets	9	(62,375)	-
LOSS BEFORE TAXATION	4	(18,222)	(10,375)
Taxation	6	-	-
LOSS FOR THE PERIOD		(18,222)	(10,375)
Attributable to:			
Equity holders of the Company		(18,209)	(10,375)
Minority interests		(13)	-
		(18,222)	(10,375)
		HK cents	<i>HK cents</i>
LOSS PER SHARE	7		
Basic		0.36	0.28

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2006

	Notes	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets			
– Property, plant and equipment		56,188	58,543
– Interests in leasehold land held for own use under operating leases		4,488	4,539
		60,676	63,082
Interest in an associate	9	2,517,682	2,512,270
		2,578,358	2,575,352
CURRENT ASSETS			
Inventories		5,985	9,157
Trade and other receivables	8	8,554	6,470
Cash and cash equivalents		2,518	4,726
		17,057	20,353
CURRENT LIABILITIES			
Trade and other payables	10	(20,647)	(22,239)
		(3,590)	(1,886)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		2,574,768	2,573,466
NON-CURRENT LIABILITIES			
Borrowings	11	(59,123)	(52,969)
Convertible notes	12	(1,444)	(2,435)
Promissory notes	13	(753,027)	(740,077)
		(813,594)	(795,481)
NET ASSETS			
		1,761,174	1,777,985
CAPITAL AND RESERVES			
Share capital	14	6,465	4,825
Reserves		1,754,354	1,773,160
Equity attributable to equity holders of the Company		1,760,819	1,777,985
Minority interests		355	–
		1,761,174	1,777,985

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2006

		Unaudited	
		Six months ended	
		30 September	
		2006	2005
			(restated)
	Notes	HK\$'000	HK\$'000
As at 1 April		1,777,985	1,352,212
Net loss for the period		(18,222)	(10,375)
Shares issued for conversion of convertible notes	12, 14	1,411	1,254
As at 30 September		1,761,174	1,343,091

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2006

	Unaudited	
	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(7,051)	(3,345)
Net cash outflow from investing activities	(394)	(1,515)
Net cash outflow before financing	(7,445)	(4,860)
Net cash inflow from financing	5,237	3,463
Decrease in cash and cash equivalents	(2,208)	(1,397)
Cash and cash equivalents as at 1 April	4,726	6,072
Cash and cash equivalents as at 30 September represented by cash and bank balances	2,518	4,675

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2006

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 2006. 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 2006.

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.

No business segmental information was disclosed as the Group’s turnover and results are attributable mainly from LCD 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.

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:

	Unaudited	
	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Amortisation of land lease premium	51	52
Cost of sales	35,358	52,870
Depreciation of property, plant and equipment	2,712	4,044
Operating lease charges in respect of property rentals	329	691
Staff costs	5,272	4,485
	5,272	4,485

5. FINANCE COSTS

		Unaudited	
		Six months ended	
		30 September	
		2006	2005
	<i>Notes</i>	HK\$'000	HK\$'000
Interest on bank advances and other borrowings wholly repayable within five years		916	662
Interest on convertible notes	12	52	-
Interest on promissory notes	13	12,951	-
		13,919	662

6. TAXATION

No provision for Hong Kong profits tax and overseas income tax has been made as the Group has no estimated assessable profit for the period (2005: Nil).

No provision for Macau Complementary Tax has been made since Greek Mythology, an associated company of the Group, has been exempted from Macau Complementary Tax in respect of income of the gaming promoters.

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 2006 of HK\$18,209,000 (2005: HK\$10,375,000) and the weighted average number of 5,061,835,677 shares (2005: 3,727,534,300 shares).

No diluted loss per share is presented as the Company would not have any dilutive potential shares.

8. TRADE AND OTHER 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:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Trade receivables		
Within 30 days	4,306	3,310
31 – 60 days	1,474	1,507
61 – 90 days	777	550
Over 90 days	647	522
	7,204	5,889
Other receivables	1,350	581
	8,554	6,470

9. INTEREST IN AN ASSOCIATE

- (a) The following list contains only the particulars of the associate, which is unlisted corporate entity, which principally affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Principal activity
Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology")	Incorporated	Macau	2,412 ordinary shares of MOP 1,000 each	49.9%	49.9%	Gaming and entertainment businesses

- (b) Summary financial information on the associate

	Six months ended 30 September 2006		
	Revenues HK\$'000	Net profit HK\$'000	EBITDA HK\$'000
100 per cent Group's effective interest	197,320	135,222	165,452
	<u>98,463</u>	<u>67,476</u>	<u>82,561</u>

- (c) Amortisation of intangible assets resulted from acquisition of the associate amounted to HK\$62,375,000 for the period.

10. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Trade payables		
Within 30 days	4,046	4,762
31 – 60 days	257	4,106
61 – 90 days	2,679	1,940
Over 90 days	7,557	4,485
	14,539	15,293
Other payables	6,108	6,946
	20,647	22,239

11. BORROWINGS

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Term loans	49,939	43,785
Other loans	9,184	9,184
	59,123	52,969

12. CONVERTIBLE NOTES

During the period under review, a total face value of HK\$1,200,000 convertible notes were converted into shares. As at 30 September 2006 and the date of this report, convertible notes with the face values of HK\$1,600,000 and HK\$800,000 were outstanding respectively.

13. PROMISSORY NOTES

On 28 March 2006, the Company issued promissory notes with face value of approximately HK\$1,454,722,000 as part of the consideration for the acquisition of the associate, Greek Mythology.

The promissory notes are unsecured, non-interest bearing and repayable on the tenth year of the date of issue of the promissory notes.

Although the Company does not need to pay any interest on the promissory notes, which are non-interest bearing, interest expense is calculated using the effective interest method merely for accounting purposes.

14. SHARE CAPITAL

	<i>Note</i>	Number of shares	Amount HK\$'000
AUTHORISED			
Ordinary shares of HK\$0.001 each			
As at 31 March 2006			
30 September 2006		40,000,000,000	40,000
ISSUED AND FULLY PAID			
As at 1 April 2006		4,824,427,316	4,825
Conversion of the convertible notes	12	1,640,766,695	1,640
As at 30 September 2006		6,465,194,011	6,465

15. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, convertible notes with the face value of HK\$800,000 were exercised.

On 10 October 2006, the Company entered into an agreement with placing agent in relation to the placing of up to 1,172,824,310 shares for gross proceeds of approximately HK\$100.39 million for investments and general working capital. The placing had been completed in November 2006.