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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 your stockbroker or other registered dealer in securities, 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 to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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

**PROPOSED ISSUE OF CONVERTIBLE NOTES
AND
GENERAL MANDATE TO ISSUE SHARES**

A notice convening a special general meeting of A-Max Holdings Limited to be held at 11:00 a.m. on Friday, 26 March, 2004 at Units 11-12, 32nd Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out on page 18 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of A-Max Holdings Limited, Secretaries Limited of Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the special general meeting. Completion and return of the proxy form will not preclude you as a shareholder of A-Max Holdings Limited from attending and voting in person at the meeting or any adjourned meeting should you so wish.

* For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions have the following meanings:

“associate”	will have the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day”	a day (excluding Saturday or any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong are open for business
“Company”	A-Max Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Convertible Note Subscription Agreement”	the agreement dated 20 February, 2004 and entered into between the Company and the Subscriber relating to the subscription of the Convertible Notes in an aggregate amount of HK\$14,600,000 comprising 73 notes with the denomination of HK\$200,000 each
“Convertible Note Issue”	the issue of the Convertible Notes pursuant to the Convertible Note Subscription Agreement
“Convertible Notes”	the convertible notes to be issued by the Company the principal terms of which are set out in the section headed “Principal terms of the Convertible Notes” in this circular
“Director(s)”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Exercise Date”	a date on which the Convertible Note holder serves a notice to the Company in respect of the exercise of the conversion rights attached to the Convertible Notes
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Directors”	the independent non-executive directors
“Latest Practicable Date”	9 March, 2004, being the latest practicable date for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Shek”	Mr. Shek Tung Song, aged 53, an independent third party and not a connected person (as defined under the Listing Rules) of the Company, is the sole beneficial owner of the Subscriber. Mr. Shek has been a property developer in the PRC since 1991 and at business for 13 years. During the years between 1990 to 1995, Mr. Shek was also engaged in the food and beverages industry in Hong Kong. He owns a private property development company and is also a director of that company
“PRC”	the People’s Republic of China
“SGM”	the special general meeting of the Company to be held on or before 26 March, 2004 to approve, among others, the transactions contemplated under the Convertible Note Subscription Agreement
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 12 August, 2002
“Shareholder(s)”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Firstcom Technology Limited, a company incorporated in British Virgin Islands, wholly owned by Mr. Shek, an independent third party and not a connected person (as defined under the Listing Rules) of the Company and engaged in investment holding
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



A-MAX HOLDINGS LIMITED
奧瑪仕控股有限公司*

(Incorporated in Bermuda with limited liability)

Directors:

Ms. Ng Wai Fong, Wendy (*Chairperson*)
Ms. Leung Kwai Hing (*Deputy Chairperson*)
Ms. Ching Mei Yee
Ms. Kam Shuk Ling
Mr. Lam Yiu Man, Lewis
Mr. Wong Chi Keung**
Mr. Ng Wai Hung, Raymond**

** *Independent non-executive Directors*

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principle

place of business:

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

11 March, 2004

To the Shareholders

Dear Sir/Madam,

PROPOSED ISSUE OF CONVERTIBLE NOTES
AND
GENERAL MANDATE TO ISSUE SHARES

THE CONVERTIBLE NOTE SUBSCRIPTION AGREEMENT

On 20 February, 2004, the Company entered into the Convertible Note Subscription Agreement with the Subscriber in respect of the subscription of the Convertible Notes and further details of the Convertible Note Issue are set out below:

Parties

Issuer: The Company

Subscriber: Firstcom Technology Limited, a company wholly owned by Mr. Shek and an investment holding company

* *For identification purposes only*

LETTER FROM THE BOARD

Principal terms of the Convertible Notes

Principal amount: HK\$14,600,000 in aggregate, comprising 73 notes with the denomination of HK\$200,000 each

Conversion ratio: Upon full conversion of each Convertible Note in the principal amount of HK\$200,000, the Company will issue Shares that represent 5% of the then issued share capital of the Company provided that no conversion will be allowed and the Company will not issue any Shares if (a) upon such issue, each of the Subscriber 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 Takeovers Code 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.

Based on such conversion ratio and 71,409,600 Shares in issue as at the date of this circular, the conversion price would be HK\$0.056 per Share for the conversion of the first one Convertible Note of HK\$200,000 which upon conversion the Company would issue 3,570,480 new Shares representing 5% of the issued share capital as at the date of this circular and represents (a) a discount of approximately 87.83% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on 9 March, 2004, being the Latest Practicable Date and (b) a discount of approximately 88.33% to the average closing price of approximately HK\$0.48 per Share for the 10 trading days up to and including 9 March, 2004. The actual conversion price would be adjusted in accordance with the conversion ratio of 5% and the then issued share capital of the Company at the time of conversion.

No fraction of a Share will be issued but a cash payment in Hong Kong dollars will be made to the holders of the Convertible Notes in respect of such fraction.

Redemption right: The Company will have the rights at any time from the date of the issue of the Convertible Notes until maturity by written notice to the holder of the Convertible Notes to redeem the whole or part of the outstanding principal amount of the Convertible Note together with interest accrued.

LETTER FROM THE BOARD

- Interest:** 1.5% per annum and accrued on a daily basis on the principal amount of the Convertible Notes outstanding, payable by the Company annually in arrears on the date of issue of the Convertible Notes and on the anniversaries of such date for each year thereafter. The first payment will be made on a date falling 12 months after the date of issue of the Convertible Notes.
- Maturity:** On the fifth anniversary of the date of issue of the Convertible Notes.
- Transferability:** The Convertible Notes are freely transferable.
- Voting:** The Subscriber and/or subsequent Convertible Note holder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the Subscriber and/or Convertible Note holder (as the case may be).
- Listing:** No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made for the listing of the Shares to be issued on exercise of the conversion rights attaching to the Convertible Notes.

Since the Convertible Notes are freely transferable, the Convertible Notes may be assigned or transferred to a connected person (as defined under the Listing Rules) of the Company. The Company has undertaken to the Stock Exchange that it would (a) notify the Stock Exchange immediately if the Company is notified by the relevant holder(s) of the Convertible Notes if any of the Convertible Notes are acquired by connected person(s) of the Company or if there is any conversion of the Convertible Notes held by connected person(s) of the Company; and (b) comply with the relevant requirements under the Listing Rules.

Based on 71,409,600 Shares in issue as at the date of this circular and the conversion ratio, upon full conversion of the Convertible Notes, a total of 2,443,806,932 Shares will be issued, which represent approximately 3,422.24% of the issued share capital of the Company as at the date of this circular and approximately 97.16% of the issued share capital of the Company as enlarged by such conversion, assuming no other issue of Shares is made before full conversion of the Convertible Notes. It should be noted that it is a term of the Convertible Notes that the Company will not issue any Shares if, upon such issue, the Subscriber and/or the Convertible Note holder (as the case may be) and their 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 Takeovers Code 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.

LETTER FROM THE BOARD

Based on the conversion ratio of 5% and 71,409,600 Shares in issue and assuming there is no change to the Shares in issue other than the issue of Shares upon the exercise of the Convertible Notes, the conversion price and the average conversion price of the conversion, on the basis that the holding of Shares by the Subscriber through exercising its conversion rights under the Convertible Notes is just below 30% of the then issued share capital of the Company, would be HK\$0.0418 and HK\$0.0486 respectively.

Assuming that there is no shareholding restriction imposed on the Subscriber and the Subscriber has not transferred any of its Convertible Notes and has obtained all its shareholding through the exercise of its conversion rights under the Convertible Notes, the conversion price of the 73rd Convertible Note (being the last of the Convertible Notes being converted after the full exercise of all 72 of the other Convertible Notes) would be HK\$0.0017. The average conversion price upon the exercise of the conversion right under all 73 Convertible Notes would be HK\$0.0157.

The new Shares to be issued upon conversion of the Convertible Notes will be free from all liens, charges or encumbrances and will rank pari passu in all respects with all other then existing Shares in issue including their entitlement to all dividends and other distributions.

INFORMATION OF THE SUBSCRIBER

Mr. Shek, aged 53, is an independent third party and not a connected person (as defined under the Listing Rules) of the Company, is the sole beneficial owner of the Subscriber. Mr. Shek has been a property developer in the PRC since 1991 and at business for 13 years. During the years between 1990 to 1995, Mr. Shek was also engaged in the food and beverages industry in Hong Kong. He owns a private property development company and is also a director of that company.

CONDITIONS OF THE CONVERTIBLE NOTE ISSUE

Completion of the Convertible Note Issue will take place on the third Business Day after the fulfillment of the following conditions or such other date as may be agreed between the Company and the Subscriber but in any event will take place not later than 30 April, 2004 unless otherwise agreed between Company and the Subscriber:

- (1) the due posting of the circular to the Shareholders not later than 31 March, 2004 (or such other date as may be agreed between the Company and the Subscriber);
- (2) the passing by the Shareholders who are not involved in, or interested in, the Convertible Note Issue and who are permitted to vote under the Listing Rules at the SGM to be held on the date as set out in the notice of the SGM of ordinary resolutions to approve the Convertible Note Issue and the allotment and issue of the new Shares falling to be issued upon conversion of the Convertible Notes;

LETTER FROM THE BOARD

- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, the listing of, and permission to deal in, the new Shares falling to be issued upon conversion of the Convertible Notes; and
- (4) if required, the Bermuda Monetary Authority granting its consent to the issue of the Convertible Notes and the new Shares falling to be issued upon conversion of the Convertible Notes.

None of the conditions set out above can be waived.

In the event that any of the conditions not being fulfilled on or before 30 April, 2004 (or such later date as may be agreed between the Company and the Subscriber), all obligations and liabilities of the parties to the Convertible Note Subscription Agreement will cease and terminate and no party will have any claim against the others (save for any antecedent breaches).

USE OF PROCEEDS

The proceeds of the Convertible Note Issue, after deduction of expenses, are expected to be approximately HK\$13 million and are intended to be used (i) as to approximately HK\$10 million for the repayment of certain unsecured term loans with an interest rate of 6% per annum due to lenders which are independent and not connected persons (as defined under the Listing Rules) of the Company, of which approximately HK\$7.1 million will become due in the next three months; and (ii) as to approximately HK\$3 million for the general working capital of the Group.

REASONS FOR THE CONVERTIBLE NOTE ISSUE AND TERMINATION OF THE PROPOSED OPEN OFFER

The principal activity of the Company is investment holding. The principal subsidiaries of the Company are principally engaged in manufacturing and sales of LCD consumer products, LCD modules and LCD panels.

The Company has sufficient working capital to finance its current business operations but the existing working capital may place limitations on the Group to accept increasing orders from customers. As stated in the interim report of the Company for the financial period ended 30 September, 2003, the Group had a total borrowing and total cash amount of HK\$21,798,000 and HK\$3,781,000 respectively. These interest bearing borrowings with interest rates from 5% to 6% per annum were borrowed from independent third parties who are individuals and not connected persons (as defined under the Listing Rules) of the Company. The total borrowing had increased by HK\$12,462,000 and the total cash had decreased by HK\$7,008,000 for the period ended 30 September, 2003 as compared to the year ended 30 March, 2003. Approximately HK\$14 million had been utilised for the Group's commencement of the OEM/ODM manufacturing of electronic toys for certain major brand name customers in

LETTER FROM THE BOARD

September, 2003 as additional financing was required for new investments in fixed assets and working capital. Below is a summary of such fixed assets and the amount invested therein by the Group:

Description of the fixed assets	Amount invested (before depreciations) <i>HK\$'000</i>
Plant & machinery	12,227
Equipment, furniture & fixture	136
Moulding	92
Leasehold improvements	617
Total	13,072

The Group commenced its OEM/ODM manufacturing business after the Group has received orders from a major brand name customer which have high yield of gross profit. At the relevant time, the Company was suffering a loss in its business and was seeking ways to turnaround its business and the Directors consider the OEM/ODM manufacturing business to be promising in boosting the business of the Company notwithstanding the amount of investment in fixed assets which is an imperative part thereof.

As disclosed in the interim report for the six months ended 30 September, 2003, the Group's unaudited turnover amounted to approximately HK\$42.7 million, representing a significant increase of 1,208% as compared with the previous corresponding period. However, the Group still recorded a loss of HK\$3.5 million for the period because the said increase in turnover is still not sufficient to cover the operating expenses for such period.

The financial information of the Group for the six months ended 30 September, 2003 and the year ended 31 March, 2003 is as follows:

	6 months ended 30 September, 2003 <i>HK\$</i>	12 months ended 31 March, 2003 <i>HK\$</i>
Net tangible asset:	141,485,000	114,499,000
(Loss)/Profit:	(3,544,000)	321,658,000
Borrowings:	21,798,000	9,336,000
Cash level:	3,781,000	10,789,000
Debt/Equity ratio:	15.4%	8.15%

LETTER FROM THE BOARD

The table below sets out the major reasons of the following movements from 1 April, 2003 to 30 September, 2003:

- | | |
|---------------------------------|---|
| (i) Net tangible asset increase | <p>(1) the liabilities of the Company has decreased by HK\$20.5 million following the full conversion of the previously issued convertible notes;</p> <p>(2) the fixed assets of the Group have also increased by approximately HK\$11.8 million as a result of new investment in the OEM/ODM manufacturing business; and</p> <p>(3) the borrowings of the Group have increased from approximately HK\$9.3 million to approximately HK\$21.8 million for the reason set out in (2) above.</p> |
| (ii) Profit/Loss | <p>As per the annual report of the Company for the year ended 31 March, 2003, there was a profit of HK\$359 million derived from write-back of certain liabilities resulting from the group restructuring completed on 21 August, 2002 but in actual fact, the Group recorded a gross loss of HK\$18.9 million for the same year before the write-back.</p> |
| (iii) Borrowings increase | <p>Please see (i) above and (iv) below.</p> |
| (iv) Cash level decrease | <p>The cash level has decreased because of the increasing inventories of approximately HK\$7,449,000, increasing fixed assets of approximately HK\$11,765,000 and increasing account receivables of approximately HK\$12,188,000.</p> |
| (v) Debt/Equity ratio increase | <p>There is an increased borrowing for the OEM/ODM manufacturing business. Please note that the ratio as at 31 March, 2003 did not take into account the previously issued convertible notes amounted to HK\$20.5 million which is non-interest bearing.</p> |

LETTER FROM THE BOARD

If the Convertible Note Issue is completed, the Company will have additional resources to expand its business. The Group contemplates the repayment of certain unsecured term loans with an interest rate of 6% per annum which are due within approximately one year from the date of this circular amounted to approximately HK\$10 million, of which approximately HK\$7.1 million will be due in the next three months. In a view to strengthen the capital base of the Company in anticipation of the recovery of the consumer electronics and LCD industry and to repay the term loans, the Directors consider it appropriate and reasonable to raise additional capital.

On 28 October, 2003, the Company requested the trading of its Shares to be suspended pending an issue of an announcement regarding a proposed open offer of new Shares of which the Subscriber was the proposed underwriter. The discussions regarding the proposed open offer have terminated as the parties cannot come to an agreement on certain aspects of the proposed open offer such as the allocations of professional fees and expenses involved in the implementation of the proposed open offer. The Directors are of the view that the termination of the proposed open offer will have no significant financial impact on the Group as the Company has only incurred below HK\$100,000 in relation to the proposed open offer up to date and no deposit has been paid for the proposed open offer.

After reviewing other fund raising methods for the Company such as equity financing and in light of the failure to finalise the proposed open offer of new Shares, the Directors consider that the Convertible Note Issue will be the best alternative after taking into consideration, among other things, the following factors:

1. the Convertible Notes have a low interest rate of 1.5% per annum as opposed to existing borrowings which have an average interest rate of approximately 5% to 6% per annum;
2. as compared to subscription of new Shares, the Convertible Note Issue may or may not have any immediate dilution effect on the shareholding of existing Shareholders;
3. the Convertible Notes have a long maturity period of five years which can facilitate the Company's medium to long term financial planning; and
4. the Company has failed to obtain sufficient funding from banks.

Since there is a 30% shareholding restriction on conversion, the conversion of the Convertible Notes may or may not take place at all, in particular, the Company has full redemption right, hence there may not be any immediate dilution effect. Based on the aforesaid, the Directors are of a view that the issue of the Convertible Notes is fair and reasonable to the interest of the Company and existing Shareholders.

LETTER FROM THE BOARD

For the same reasons stated above, the executive Directors believe that the discount on the conversion price of the Convertible Notes to be justifiable. The Independent Directors, having considered the state of affairs of the Company, are also of the opinion that the Convertible Note Issue is in the best interests of the Company. However, the Independent Directors are of the view that the discount on the conversion price of the Shares pursuant to the exercise of the Convertible Notes and the dilution effect on the shareholdings of the existing Shareholders could be substantial and the Shareholders are cautioned to exercise due care in considering all aspects of the Convertible Note Issue before arriving at their decision either to vote for or against the resolution in respect of the Convertible Note Issue.

Based on the above reasons, the Directors are of the view that the Convertible Note Issue is a fair and reasonable method to raise additional capital for the Company and is beneficial to the Company and the Shareholders as a whole.

CHANGES TO THE SHAREHOLDING OF THE COMPANY UPON ISSUE OF THE CONVERSION SHARES

One of the conditions to conversion of the Convertible Notes is that the Company will not issue any Shares if upon such issue, the Subscriber and/or the Convertible Note holder (as the case may be) and their 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 Takeovers Code as being the level for triggering a mandatory general offer) or more of the then issued share capital of the Company at the date of the relevant Exercise Date.

Based on the conversion ratio and 71,409,600 Shares in issue as at the date of this circular, assuming the Subscriber will not acquire any Shares from the open market, the shareholding of the substantial Shareholders and their respective shareholdings before and after the exercise of the Convertible Notes by the Subscriber and parties acting in concert with it within the limitation of 30% shareholding will be as follows:

Table 1

Shareholders	Prior to the conversion of the Convertible Notes by the Subscriber		After the conversion of the of the Convertible Notes by the Subscriber	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
	A-Max (Asia) Limited	10,675,000	14.95	10,675,000
Yield Empire International Limited (<i>Note</i>)	9,375,000	13.13	9,375,000	9.33
Public	51,359,600	71.92	51,359,600	51.12
Firstcom Technology Limited	0	0	29,070,875	28.93
Total	<u>71,409,600</u>	<u>100</u>	<u>100,480,475</u>	<u>100</u>

LETTER FROM THE BOARD

Note:

Other than being a substantial shareholder (as defined in the Listing Rules) of the Company, Yield Empire International Limited is not a connected person (as defined under the Listing Rules) of the Company nor is it controlled by any connected person of the Company.

If all or part of the Convertible Notes were transferred to independent third parties/ persons not connected (as defined under the Listing Rules) with the Company or the Subscriber, based on the conversion ratio and 71,409,600 Shares in issue, assuming the Convertible Notes are exercised in full, and assuming the Subscriber and/or Convertible Notes holder(s) has/ have not purchased any Shares from the open market, the shareholding of the substantial Shareholders and their relative percentage shareholdings before and after the full exercise of the Convertible Notes will be as follows:

Table 2

Shareholders	Prior to the full conversion of the Convertible Notes		After the full conversion of the Convertible Notes	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
A-Max (Asia) Limited	10,675,000	14.95	10,675,000	0.42
Yield Empire International Limited	9,375,000	13.13	9,375,000	0.37
Public	51,359,600	71.92	51,359,600	2.05
Firstcom Technology Limited and/or other Convertible Note holders	0	0	2,443,806,932	97.16
	<u>71,409,600</u>	<u>100</u>	<u>2,515,216,532</u>	<u>100</u>

There is no provision in the Convertible Note Subscription Agreement that relates to change in control or any plan regarding the change of members of the Board.

However, exercise of the conversion rights of all Convertible Notes may result in the shareholding of existing Shareholders being diluted to as low as approximately 2.84% of the then issued share capital of the Company, assuming there is no issue of Shares whatsoever other than those Shares resulted from the exercise of the conversion rights under the Convertible Notes, if the Subscriber transfers its converted Shares and/or Convertible Notes to other persons/companies.

Based on the shareholding of the Company set out above, there is a possibility that the percentage of the issued Shares held by the public may fall below the minimum 25% as required by Rule 8.08 of the Listing Rules if the conversion rights attached to the Convertible Notes are exercised in full or in part.

LETTER FROM THE BOARD

Each of the Company, the Subscriber, their present and future directors and Mr. Shek has undertaken to the Stock Exchange that, so long as the conversion rights to any of the Convertible Notes remains valid and subsisting, it will not cause the public float of the Company to fall below the minimum public float requirement under Rule 8.08 of the Listing Rules as a result of the exercise of the conversion rights attaching to the Convertible Notes.

The Stock Exchange has indicated that it will closely monitor trading in the Shares if less than 25% of the issued Shares are held by the public. If the Stock Exchange believes that a false market exists or may exist in the Shares; or there are too few Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares until a sufficient level of public float is attained.

PREVIOUS PLACINGS

In the last twelve months, the Company conducted a total of three placings of new Shares, pursuant to which an aggregate gross amount of approximately HK\$12.5 million has been raised by the Company and has been used for general working capital in accordance with the reasons for such placings as set out in the respective announcements of the Company. The following is a brief summary of the aforesaid placings:

Completion date of placing	16 June, 2003	19 August, 2003	7 October, 2003
Placing price	HK\$0.003	HK\$0.40	HK\$0.20
No. of Shares placed	2,056,000,000	9,918,000	11,901,600
Placees	Marco Concept Investment Ltd	Capital Apex Investment Ltd	King Elite Investment Ltd
	Goosey Trading Ltd	Procorn Profits Ltd	Forex Union Investment Ltd
		Riteaway Holdings Ltd	Loyal Apex Investment Ltd
		Cosmo China Enterprises Ltd	Well Essence Investment Ltd
Intended use of proceeds	General working capital	General working capital	General working capital
Actual use of proceeds	General working capital	General working capital	General working capital

Other than the respective placings conducted as outlined above, the Company has not conducted any other fund raising activities in the past twelve months from the date of this circular.

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SECURITIES

The Company also proposes a general mandate to issue securities with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue to be granted to the Directors at the SGM.

GENERAL

The Executive has indicated that he is concerned with any possible breaches of the relevant provisions of the Takeovers Code resulting from conversions of the Convertible Notes and will closely monitor the transfers and conversions of the Convertible Notes and the voting results of the forthcoming SGM.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued upon conversion of the Convertible Notes.

RECOMMENDATION

The Directors believe that the Convertible Notes Subscription Agreement is in the best interests of the Company and the Shareholders as a whole. Accordingly, the executive Directors recommend that at the SGM, the Shareholders should vote in favour of the resolution relating to the Convertible Notes Subscription Agreement in the terms as set out in this circular.

THE SGM

Set out in this circular is a notice convening the SGM to be held at 11:00 a.m. on Friday, 26 March, 2004 at Units 11-12, 32nd Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at which ordinary resolutions will be proposed to approve the Convertible Note Subscription Agreement and the transactions contemplated thereunder and the granting of the general mandate to the Directors.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Secretaries Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

FURTHER INFORMATION

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

By Order of the Board
A-Max Holdings Limited
Ng Wai Fong, Wendy
Chairperson

1. RESPONSIBILITY STATEMENT

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 relating to the Company contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in this circular relating to the Company misleading.

2. DISCLOSURE OF INTERESTS

(a) Disclosure of interests by the Directors

As at the Latest Practicable Date, none of the Directors and chief executive of the Company held any interests and 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 (a) 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 (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) 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.

(b) Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives held any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO) notifiable 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 are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are 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.

(c) Save as disclosed herein, there is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

(d) None of the Directors has had any direct or indirect interest in any assets which have since 31 March, 2003 (being the date to which the latest published audited financial statements of the Company were made up) been acquired by or disposed of or leased to or are proposed to be acquired by or disposed of or leased to any member of the Group.

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, the Directors and the chief executives of the Company were not aware of any person, who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital of the Company or any of its subsidiaries as at the Latest Practicable Date apart from the following:

Shareholders	Number of Shares	Percentage of shareholding
A-Max (Asia) Limited	10,675,000	14.95
Yield Empire International Limited	9,375,000	13.13

4. LITIGATION

As at the Latest Practicable Date, none of the members 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.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, with any member of the Company, a service agreement which is not terminable within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGES

The Directors were not aware of any material adverse change in the financial or trading position of the Company since 30 September, 2003, the date to which the latest published unaudited financial statements of the Company were made up.

7. MISCELLANEOUS

- (a) The English text of this circular will prevail over the Chinese text.
- (b) The company secretary of the Company is Lo Wing Ming, an associate member of the Hong Kong Society of Accountants.
- (c) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

- (d) The principal share registrars and transfer office of the Company is Butterfield Funds Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (e) The branch share registrars and transfer office of the Company is Secretaries Limited of Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company in Hong Kong 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 day (except public holidays) for a period of 14 days from date of this circular:

- (a) the Convertible Note Subscription Agreement;
- (b) the audited consolidated accounts of the Group for the financial year ended 31 March, 2003;
- (c) the unaudited interim report of the Group for the six months ended 30 September, 2003; and
- (d) the memorandum of association and bye-laws of the Company.



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

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of A-Max Holdings Limited (the “Company”) will be held at 11:00 a.m. on Friday, 26 March, 2004 at Units 11-12, 32nd Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, each of the following resolutions as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** the conditional subscription agreement dated 20 February, 2004 (the “Agreement”) entered into between the Company and Firstcom Technology Limited in relation to the subscription of convertible notes in the principal amount of HK\$14,600,000 by Firstcom Technology Limited (a copy of which is tabled at the meeting and marked “A” and initialled by the chairperson of the meeting for identification purposes) be and is hereby approved, ratified and confirmed and any one director be and is hereby authorised to sign and execute such documents (and, if required, affix the common seal of the Company thereto) for and on behalf of the Company, in such final form and with such amendments as that director may deem appropriate, and to otherwise do all such things as are necessary to give effect to the Agreement.”

2. **“THAT,** the directors of the Company (the “Director”) be and are hereby granted an unconditional general mandate to allot and issue additional shares in the capital of the Company, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:
 - (a) such mandate will not extend beyond the Relevant Period (defined in paragraph (c) below) save that the Directors might during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

 - (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) (otherwise than pursuant to (i) a Rights Issue (defined in paragraph (c) below); (ii) the grant or exercise of options issued under any other option scheme adopted by the Company; or (iii) an issue of shares expressly approved by shareholders of the Company in general meeting; or (iv) any scrip dividend schemes) will not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval will be limited accordingly; and

* For identification purposes only

NOTICE OF SGM

- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the laws of Bermuda to be held; and (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory inside or outside Hong Kong).”

By Order of the Board
A-Max Holdings Limited
Ng Wai Fong, Wendy
Chairperson

Hong Kong, 11 March, 2004

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy will be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any member entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with 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 lodged at the office of the Company's branch share registrar and transfer office, Secretaries Limited of Ground Floor, BEA Harbour View Center, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint registered holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares will be accepted to the exclusion of the votes of the other registered holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.