THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 (the "**Company**"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

A·MAX

A-MAX HOLDINGS LIMITED

奧 瑪 仕 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION;
(2) CONTINUING CONNECTED TRANSACTION
AND
(3) PROPOSED CHANGE OF COMPANY NAME

A notice convening a special general meeting of the Company to be held at Room 3203, 32/F., Strategic Financial Relations Limited, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, 12 June 2008 at 5:00 p.m. is set out on pages 154 to 156 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, 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 special general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the special general meeting if you so wish.

* *for identification purpose only*

16 May 2008

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

"Ace High"	Ace High Group Limited, a company incorporated in the British Virgin Islands in which Mr. Albino is the holder of 100% of its issued share capital
"AMA"	AMA International Limited, a company incorporated in Macau in which Ms. Chen is the holder of 96% of its interests and Mr. Albino is the holder of 4% of its interests
"AMA Turnover"	non-negotiable chips sold by the Gaming Operator to AMA to facilitate the gaming players introduced and brought by AMA and/or its collaborators to play at the casino operated by the Gaming Operator less the non-negotiable chips returned by AMA to the Gaming Operator
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Capitalisation"	the capitalisation of a sum of HK$50,000,000 of the Loan into Capitalised Ace High Shares pursuant to the Capitalisation Notice under the Loan Agreement
"Capitalisation Notice"	the capitalisation notice executed by the Company and Ace High under the Loan Agreement in relation to the Capitalisation of HK$50,000,000 of the Loan into Capitalised Ace High Shares
"Capitalised Ace High Shares"	the 9,999 shares of US$1.00 each in the issued share capital of Ace High to be allotted and issued to the Company under the Capitalisation, representing 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation
"Collaborator Turnover"	non-negotiable chips resold by AMA to the relevant collaborator to facilitate the gaming players introduced and brought by the collaborator to play at casinos designated by AMA less the non-negotiable chips returned by the collaborator to AMA

"Company"	A-Max Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Capitalisation
"connected person(s)"	has the meaning ascribed to this term under the Listing Rules
"Consolidated Shares"	consolidated ordinary shares of HK$0.01 each in the issued and unissued share capital of the Company upon completion of the proposed share consolidation as set out in the circular of the Company dated 20 March 2008
"Continuing Connected Transaction"	the continuing connected transaction as a result the provision of operating capital by Ace High to AMA to develop the junket business under the First Profit Transfer Agreement immediately after Completion
"DICJ"	the Gaming Inspection and Coordination Bureau of the Macau government
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Capitalisation
"First Profit Transfer Agreement"	the profit transfer agreement made between AMA and Ace High relating to (i) Ace High's provision for an indefinite term of all the operating capital of AMA to develop the junket business under the Gaming Promotion Agreement and (ii) AMA's transfer of all the Profits to Ace High
"Gaming Intermediary Agreements"	the 10 gaming intermediary agreements made between AMA and the collaborators respectively relating to the introduction and bringing of gaming players to play at casinos designated by AMA in Macau
"Gaming Operator"	Melco PBL Gaming (Macau) Limited, a licensed gaming operator in Macau which is an Independent Third Party
"Gaming Promotion Agreement"	the gaming promotion agreement entered into between, inter alia, AMA and the Gaming Operator

"Group"	the Company and its subsidiaries
"Hantec"	Hantec Capital Limited, a corporation licensed to carry out Types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the board, comprising Mr. Chan Chiu Hung, Alex, Mr. Lee Tsz Hong and Mr. Ng Wai Hung, all being independent non-executive Directors, formed for the purpose of advising the Independent Shareholders on the Capitalisation and the Continuing Connected Transaction
"Independent Shareholders"	Shareholders other than Ms. Chen and her associates
"Independent Third Party"	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
"Latest Practicable Date"	13 May 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	the loan facility in the amount of up to HK$3 billion to be granted by the Company to Ace High under the Loan Agreement
"Loan Agreement"	the loan agreement dated 23 August 2007 entered into between the Company and Ace High relating to the Loan (as amended and supplemented by the extension letters dated 21 September 2007 and 22 October 2007 respectively)
"Macau"	the Macau Special Administrative Region of the PRC

"Minimum Turnover"	the minimum amount of Collaborator Turnover in each month as undertaken by a collaborator under the relevant Gaming Intermediary Agreement
"Mr. Albino"	Mr. Francisco Xavier Albino
"Ms. Chen"	Ms. Chen Mei Huan
"Nomination"	the nomination of Ms. Chen by Mr. Albino to receive 20% of the Profits received by Ace High under the Second Profit Transfer Agreement
"non-negotiable chips"	chips that a junket may purchase from or return to the relevant casino, and specifically designed for VIP players in order to allow the casinos to monitor the accurate VIP turnover
"PRC"	the People's Republic of China
"Profits"	the profits that will be generated by AMA from the junket business under the Gaming Promotion Agreement which represent the aggregate commissions and bonuses which range from 1.2% to 1.35% of the AMA Turnover payable by the Gaming Operator to AMA under the Gaming Promotion Agreement after deducting (a) the total commissions and bonuses which range from 0.9% to 1.2% of the Collaborator Turnover payable by AMA to its collaborators under the Gaming Intermediary Agreements or otherwise and (b) all the operational and administrative expenses incurred and tax payable to the Macau Government
"Proposed Name Change"	the proposed change of the name of the Company from "A-Max Holdings Limited" to "AMax Entertainment Holdings Limited" and upon the name change becoming effective, the new Chinese name "澳瑪娛樂控股有限公司" will be adopted to replace "奥瑪仕控股有限公司" for identification purpose only
"Registrar"	Tricor Secretaries Limited, the branch share registrar and transfer office of the Company in Hong Kong

"Second Profit Transfer Agreement"	the profit transfer agreement made between Ace High and Mr. Albino relating to the transfer of 20% of the Profits by Ace High to Mr. Albino or company nominated by him
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held to consider the ordinary resolutions to be proposed to approve the Capitalisation, the Continuing Connected Transaction and the Proposed Name Change
"Share(s)"	ordinary share(s) of HK$0.001 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) or, as the context may require, the Consolidated Share(s) from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transfer"	the transfer of 96% interests in AMA by Mr. Albino to Ms. Chen as disclosed herein
"VSA"	the very substantial acquisition on the part of the Company as disclosed in the circular of the Company dated 5 November 2007
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

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. Cheung Nam Chung, Brian
Mr. Chan Ying Tat, Ted
Mr. Chan Chi Yuen
Mr. Lam Cheok Va, Francis
Ms. Li Wing Sze

Independent non-executive Directors:
Mr. Chan Chiu Hung, Alex
Mr. Lee Tsz Hong
Mr. Ng Wai Hung

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

Principal place of business in Hong Kong:
Room 3043A
Diamond Square
3/F., Shun Tak Centre
200 Connaught Road Central
Hong Kong

16 May 2008

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION; (2) CONTINUING CONNECTED TRANSACTION AND (3) PROPOSED CHANGE OF COMPANY NAME

INTRODUCTION

Reference is made to the announcement of the Company dated 20 February 2008 in which the Board announced that on 11 February 2008, the Company served the Capitalisation Notice on Ace High to capitalise HK$50,000,000 of the principal amount of the Loan and Ace High will allot and issue the Capitalised Ace High Shares to the Company.

As Ms. Chen, the majority shareholder of AMA, was a director of a dormant subsidiary of the Company at the time the announcement was made on 20 February 2008 (until her resignation on 25 February 2008) and thus is a connected person of the Company, the Capitalisation constitutes a very substantial acquisition and connected transaction on the part of the Company under the Listing Rules and is subject to the approval of the Independent Shareholders at the SGM.

* *for identification purpose only*

Immediately after completion of the Capitalisation, Ace High will become a subsidiary of the Company. As Ms. Chen, the majority shareholder of AMA, was a director of a dormant subsidiary of the Company at the time the announcement was made on 20 February 2008 (until her resignation on 25 February 2008) and thus is a connected person to the Company, the provision of operating capital by Ace High to AMA to develop the junket business under the First Profit Transfer Agreement will constitute a continuing connected transaction on the part of the Company under the Listing Rules, and is subject to the approval of the Independent Shareholders at the SGM.

The Board also proposes to change the name of the Company from "A-Max Holdings Limited" to "AMax Entertainment Holdings Limited" and upon the name change becoming effective, the new Chinese name "澳瑪娛樂控股有限公司" will be adopted to replace "奧瑪仕控股有限公司" for identification purpose only.

The purpose of this circular is to provide you with further information regarding the Capitalisation, the Continuing Connected Transaction and the Proposed Name Change.

THE CAPITALISATION

Background

Reference is made to the announcements of the Company dated 10 September 2007 and 5 November 2007 and the circular of the Company dated 1 February 2008.

On 23 August 2007, the Company entered into the conditional Loan Agreement with Ace High whereby the Company agreed to provide a term loan facility of up to HK$3 billion to Ace High which in turn would on-lend the same amount to AMA to operate the junket business in Macau.

Pursuant to the Loan Agreement, within six months from the date thereof or such later date as the parties may agree in writing, the Company shall have the right, at its absolute discretion, by giving not less than three days' notice in writing to Ace High, to capitalise HK$50,000,000 of the principal amount of the Loan for an allotment and issue of such number of new shares of Ace High representing 99.99% of the enlarged issued share capital of Ace High on a fully diluted basis.

The entering into of the Loan Agreement constituted a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and was subject to the approval of the Shareholders. The Loan Agreement was approved by the Shareholders on 21 November 2007 and the Loan Agreement became unconditional on 14 December 2007.

On 4 December 2007, the Company and Ace High signed a confirmation letter to vary the maximum amount of the Loan under the Loan Agreement from up to HK$3 billion to up to HK$2 billion (or such other amount as the parties may agree in writing).

On 14 December 2007, Ace High made a drawing of HK$1.9 billion under the Loan Agreement.

As announced in the announcement of the Company dated 1 February 2008, given the promising results of AMA, the Company had the intention to exercise its right of capitalisation under the Loan Agreement to obtain 99.99% equity interests in Ace High, which under certain profit arrangements as disclosed below and in the announcement of the Company dated 10 September 2007, will enable the Company to participate in 80% of the Profits generated by AMA.

On 11 February 2008, the Company served the Capitalisation Notice on Ace High to capitalise HK$50,000,000 of the principal amount of the Loan. Further details of the Capitalisation Notice are set out below.

Capitalisation Notice

Date

11 February 2008

Parties

(1) Subscriber: The Company

(2) Issuer: Ace High

As at the date hereof, the entire issued share capital of Ace High is legally and beneficially owned by Mr. Albino. Each of Ace High and Mr. Albino is an Independent Third Party.

Assets to be acquired

Pursuant to the Capitalisation Notice, the Company will capitalise a sum of HK$50,000,000 of the Loan and Ace High will allot and issue the Capitalised Ace High Shares which will represent 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation.

Consideration

HK$50,000,000 of the Loan.

The amount of HK$50,000,000 to be capitalised was provided for in the Loan Agreement, which has been approved by the Shareholders at the special general meeting of the Company held on 21 November 2007. The amount to be capitalised and the Company's percentage of interests in Ace High after the Capitalisation have been determined after arm's length negotiations between the Company, Ace High and Mr. Albino with reference to (i) the estimated Profits that will be generated by AMA based on the aggregate Minimum Turnover undertaken by the collaborators of AMA under the Gaming Intermediary Agreements; and (ii) the funding of the operating capital for AMA's junket business by way of the Loan.

As disclosed in the circular of the Company dated 5 November 2007, the aggregate Minimum Turnover under the Gaming Intermediary Agreements is approximately HK$77.4 billion each month, which has been agreed between AMA and the respective collaborators with reference to their track records. Substantial revenue and profits will be generated therefrom if such Minimum Turnover is reached by the collaborators.

The future prospects of AMA can be illustrated from the promising results achieved by AMA during the period from 15 December 2007 to 31 March 2008. The rolling turnover of AMA for that period was approximately HK$139.2 billion in aggregate. In comparison with such figures with the other companies carrying junket business as disclosed by the other listed companies, the Board considers that AMA has a bigger share in the junket market over its other competitors.

In this regard, the Directors consider the consideration for the Capitalisation to be fair and reasonable.

Condition precedent

Completion shall be conditional upon and subject to the passing by the Independent Shareholders at the SGM to be convened and held of an ordinary resolution to approve the Capitalisation and the transactions contemplated hereunder, including but not limited to the allotment and issue of the Capitalised Ace High Shares to the Company.

The above condition precedent is incapable of being waived by the Company. There is no long stop date for the fulfillment of the above condition precedent.

Completion

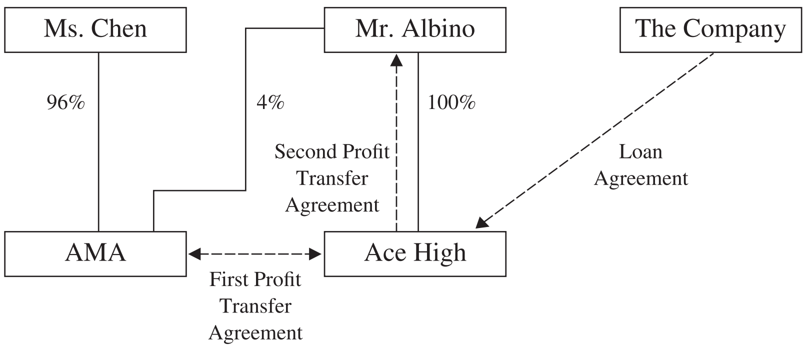
Completion shall take place at 4:00 p.m. on the date falling two Business Days after the fulfillment (or waiver) of the condition or such other date as may be agreed between the Company and Ace High.

Upon Completion, Ace High will become a 99.99% owned subsidiary of the Company.

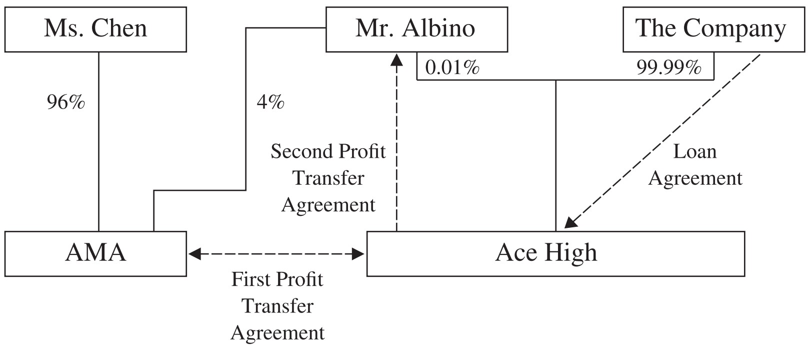
Relationships before and after the Capitalisation

The following diagrams illustrate the simplified relationships between the Company, AMA, Ace High and Mr. Albino immediately before and after the Capitalisation:

Before the Capitalisation



After the Capitalisation



INFORMATION ON AMA

AMA is the holder of a junket license to carry out the junket business in Macau. It specialises in introducing gaming players to the high roller gaming areas in casinos in Macau. Mr. Albino was the sole beneficial owner of the entire interests in AMA prior to the Transfer. Since 1997, Mr. Albino has been employed as a coordinator of New Century Hotel in Macau and the Greek Mythology Casino located therein. He is responsible for providing administrative support to the managers of the New Century Hotel and the Greek Mythology Casino, and overseeing the daily operation of the same.

On 31 December 2007, the Transfer of 96% of equity interests of AMA from Mr. Albino to Ms. Chen was completed in accordance with the laws of Macau. Ms. Chen has over 15 years of experience in gaming operations, specialising in VIP room operations. During her past 15 years of experience in the gaming industry, she has been responsible for and overseeing the daily operation of the casino and be the coordinator with the junket operators. Ms. Chen was also a director of a dormant subsidiary of the Company (until her resignation on 25 February 2008) and accordingly, she is classified as a connected person (as defined in the Listing Rules) of the Company.

Upon being notified of the Transfer and the Nomination, the Directors have met twice during the period from early January to early February 2008 to discuss and assess whether the Transfer would have affected the Shareholders' consideration of the previous VSA in both the legal and operational aspects. Relevant agreements have been reviewed by the Board to ensure the effectiveness of these agreements. The Transfer was subject to the approval of the relevant Macau authority and to the best of the Directors' knowledge, such approval has been obtained. In the legal aspects, the Board does not consider that the Transfer would affect the Shareholders' consideration of the previous VSA as the relevant agreements, including but not limited to the Gaming Promotion Agreement, remains legally binding after the Transfer and the Transfer itself is in compliance with the relevant Macau laws.

Ms. Chen has even more extensive experience in the VIP gaming operations than Mr. Albino. The Company has closely monitored the junket business operation of AMA. The Directors have enquired with the collaborators and it is the Directors' understanding that the collaborators considered the operations would not be affected by the Transfer and the Transfer to be favourable. The promising results of AMA after the Transfer have illustrated the capacity of Ms. Chen in operating the junket business. In this regard, the Directors do not consider that the Transfer would have any adverse impact on the operation of AMA, and thus would affect the Shareholders' consideration of the VSA.

Ms. Chen was not involved in the negotiation of the VSA. To the best of the Directors' knowledge and information, Ms. Chen does not own any other junket business in Macau as at the Latest Practicable Date.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, it was a commercial transaction between Mr. Albino and Ms. Chen in relation to the transfer of interests in AMA. After the transfer of interests in AMA, Ms. Chen is primarily responsible for the operation of AMA. As disclosed above, Ms. Chen has extensive experience in gaming operations and the Directors do not consider that the operation of AMA will be adversely affected by the Transfer.

According to the information provided by AMA, the aggregate rolling turnover of AMA for the three months ended 31 March 2008 after the completion of the transfer was approximately HK$123.2 billion. Such figures illustrate the ability and capacity of Ms. Chen in operating junket business.

As at the Latest Practicable Date, Mr. Albino is the sole owner of the entire issued share capital of Ace High. AMA and Ace High have entered into the First Profit Transfer Agreement whereby Ace High has agreed to provide for an indefinite term all the operating capital of AMA that will be needed to develop the junket business under the Gaming Promotion Agreement, and AMA in return has agreed to transfer all the Profits to Ace High. AMA will not be a subsidiary of Ace High by virtue of the First Profit Transfer Agreement and the results of AMA will not be consolidated into the accounts of Ace High. The principal assets of AMA are the junket license and its rights and interests in the Gaming Promotion Agreement and the Gaming Intermediary Agreements. The principal asset of Ace High is its rights and interests in the First Profit Transfer Agreement.

Ace High and Mr. Albino have entered into the Second Profit Transfer Agreement whereby 20% of the Profits received by Ace High (before any payment of interest accruing on the Loan) from time to time will be transferred to Mr. Albino or a company nominated by him. As Ms. Chen is primarily responsible for the operation of AMA and Ace High's interests lie with the success and failure of the junket business of AMA, to the best of the Directors' knowledge and information, Mr. Albino has nominated Ms. Chen under the Second Profit Transfer Agreement to receive 20% of the Profits received by Ace High with effect from 1 January 2008. The Second Profit Transfer Agreement shall continue to be valid and subsisting after Completion and accordingly, only 80% of the Profits will ultimately be retained by Ace High.

The First Profit Transfer Agreement and the Second Profit Transfer Agreement

The First Profit Transfer Agreement was originally entered into between Ace High and AMA on 10 September 2007. Pursuant to the First Profit Transfer Agreement, Ace High has agreed to grant a loan facility up to the maximum aggregate amount of HK$3 billion (or such other amount as may be agreed by the parties thereto in writing) for the operating capital of AMA that will be needed to develop the junket business under the Gaming Promotion Agreement and in return AMA has agreed to transfer all Profits to Ace High.

The First Profit Transfer Agreement was entered into based on the authorisation letter issued by DICJ, the relevant Macau gaming authority, which must be renewed every year by the DICJ. The parties to the First Profit Transfer Agreement agreed that the terms and conditions of the First Profit Transfer Agreement will be renewed in accordance with the renewal of the said authorization letter.

Pursuant to the Second Profit Transfer Agreement, 20% of the Profits received by Ace High (before any payment of interest accruing on the Loan) from time to time will be transferred to Mr. Albino or a company nominated by him. Mr. Albino has nominated Ms. Chen under the Second Profit Transfer Agreement to receive 20% of the Profits received by Ace High.

The First Profit Transfer Agreement and the Second Profit Transfer Agreement will continue to be valid and effective after the Capitalisation and save as disclosed herein, the Company does not have any intention to vary the terms of the First Profit Transfer Agreement and the Second Profit Transfer Agreement.

INFORMATION ON ACE HIGH

Ace High is a special purpose company to finance the business of AMA through the arrangements as disclosed in the above paragraph headed "Relationships before and after the Capitalisation".

On 14 December 2007, Ace High made a drawing of HK$1.9 billion under the Loan Agreement to AMA which started its junket business on 15 December 2005 pursuant to the Gaming Promotion Agreement, and started generating turnover and profit pursuant to the First Profit Transfer Agreement and the Second Profit Transfer Agreement.

The principal asset of Ace High is its rights and interests of and in the First Profit Transfer Agreement. According to the unaudited management accounts of Ace High made up to 14 December 2007, the only asset of Ace High is the loan receivable from AMA of HK$1.9 billion and the only liability of Ace High is the loan payable to the Company of HK$1.9 billion. There is no turnover, profit or loss recorded in the unaudited management accounts of Ace High for the period commencing from the date of its incorporation to 14 December 2007.

According to the information provided by AMA, since the commencement of its junket business pursuant to the Gaming Promotion Agreement on 15 December 2007, AMA had recorded an unaudited rolling chip turnover of approximately HK$16 billion for the period between 15 December 2007 and 31 December 2007, and approximately HK$40 billion HK$41.9 billion and HK$41.3 billion respectively for each of the three calendar months ended 31 March 2008.

After the Capitalisation, Ace High will become a 99.99% owned subsidiary of the Company and the Company will maintain a majority in the board composition in Ace High. The voting rights of the Company and Mr. Albino in Ace High will correspond to their respective shareholdings in Ace High.

As at the Latest Practicable Date, the board of directors of Ace High comprises Ms. Chen as the sole director. The Company intends to further nominate three (3) additional directors to the board of Ace High and to maintain the board control of Ace High after the Completion. There is no restriction contained in the Loan Agreement to limit the number of directors which may be nominated by the Company.

To the best of the Directors' knowledge, Ms. Chen was appointed as the sole director of Ace High by Mr. Albino with effect from 16 August 2007. Although the Company is aware that Ms. Chen was appointed as the sole director of Ace High at the time of negotiation for the Loan Agreement, the Company does not consider that such appointment constitutes material information regarding the VSA as mentioned in the announcement of the Company dated 10 September 2007. It was Mr. Albino, who is the ultimate beneficial owner of Ace High, who entered into negotiations with the Company in relation to the Loan Agreement and to the best of the Directors' knowledge, Ms. Chen was not involved in such negotiations.

To the best of the Directors' knowledge, although up to her resignation on 25 February 2008, Ms. Chen was a common director of both Ace High and a dormant subsidiary of the Company, this will not render Ace High to be a connected person of the Company under Rule 14A.11 of the Listing Rules. As disclosed herein, the entire issued share capital of Ace High remains beneficially owned by Mr. Albino, who is an Independent Third Party and Ms. Chen does not hold any shareholding in Ace High. Given that Ms. Chen does not have any voting rights in Ace High, Ace High is not a connected person to the Company under the Listing Rules. Accordingly, the mere provision of loan to Ace High under the Loan Agreement would not constitute a connected transaction on the part of the Company.

The Directors consider that the Company had performed sufficient due diligence in respect of AMA and Ace High. Although the agreement for the Transfer was entered into in October 2007, the Transfer was subject to the approval by the relevant Macau authority and as advised by the Macau legal advisers, any agreement in relation to the change in shareholdings of any junket company in Macau would be null and void unless approval from such Macau authority has been obtained. The Transfer would also not be shown on public records until the relevant Macau authority has approved the Transfer and the agreement would be registered thereafter. The DICJ consent was not obtained until 17 December 2007 and according to the reference number of filing records, the Transfer was registered with the company registry on 19 December 2007.

Under the First Profit Transfer Agreement, Ms. Chen had no obligation to report to the Company in relation to the Transfer and the Company was not informed in relation to the Transfer and the Nomination until 31 December 2007. Prior to being notified in relation to the Transfer, the Company has conducted sufficient due diligence works, in particular, legal advices had been sought from Macau legal adviser in relation to whether AMA owns a valid junket license and whether the junket business carried out by AMA, the Gaming Promotion Agreement and the First Profit Transfer Agreement comply with the applicable laws in Macau. The Company has also reviewed copies of the collaboration agreements entered into between AMA and the collaborators. As such, the Directors consider that the Company had performed sufficient due diligence.

OPERATING MECHANISM OF JUNKET BUSINESS BY AMA

AMA has entered into 10 Gaming Intermediary Agreements with the collaborators which are all Independent Third Parties. Pursuant to each of the Gaming Intermediary Agreements, the relevant collaborator will introduce and bring gaming players to play at casinos in Macau designated by AMA. Such gaming players will play at the VIP gaming rooms or tables located at the casinos and will involve considerably higher stake wagers than those on the mass market gaming floor. The relevant collaborator will normally give 24-hour prior notice to AMA specifying the names and particulars of the gaming players together with the estimated required non-negotiable chips. AMA will then forward the information of the gaming players to such casinos. On 21 August 2007, AMA entered into the Gaming Promotion Agreement with the Gaming Operator. Therefore, the gaming players introduced and brought by the collaborators will primarily play at the casino operated by the Gaming Operator.

AMA will arrange to use its own funds to purchase the non-negotiable chips from the Gaming Operator under the Gaming Promotion Agreement for resale to the collaborators. The amount of non-negotiable chips resold to the collaborators will be settled by them immediately in cash or by cashier's order(s) drawn by licensed bank(s) in favour of AMA. The gaming players introduced and brought by the collaborators will then bet with the non-negotiable chips purchased from AMA. If a player loses, the non-negotiable chips will go to the casino. If a player wins, the casino will pay the gain to him or her in traditional cash chips. The collaborators may purchase additional non-negotiable chips from AMA for betting by the gaming players. Each collaborator will have separate agreement or arrangement with the gaming players for settlement of the non-negotiable chips provided by such collaborator. The non-negotiable chips can neither be converted into cash nor be redeemed for other goods or services by the collaborators or the gaming players directly. Therefore, when the gaming players finish playing at the casino, the collaborators will return the unused non-negotiable chips to AMA for cash. AMA is also entitled to return the unsold non-negotiable chips to the casino for cash.

Under the Gaming Promotion Agreement (as amended by a supplemental agreement as announced in the announcement of the Company dated 10 December 2007), the Gaming Operator will pay commission and bonus to AMA on a daily basis by reference to the agreed thresholds of the AMA Turnover which represents the aggregate amount of non-negotiable chips purchased by AMA less the non-negotiable chips returned by AMA to the Gaming Operator. The percentages are on a sliding scale ranging from 1.2% to 1.35% of the AMA Turnover such that the greater the AMA Turnover, the higher the percentage of commission and bonus to be paid to AMA. The rates of the commission and bonus under the Gaming Promotion Agreement were agreed between the Gaming Operator and AMA after arm's length negotiations taking into account the prevailing rates offered by other gaming operators in Macau.

Under each of the Gaming Intermediary Agreements, AMA will pay commission to the relevant collaborator on a daily basis at the rate of 0.9% of the aggregate amount of Collaborator Turnover. If the aggregate amount of Collaborator Turnover in a month reaches the Minimum Turnover agreed under the relevant Gaming Intermediary Agreement, AMA will pay the collaborator a bonus of 0.3% of the amount of Collaborator Turnover in that month. In consideration of each collaborator's consent to extend the term under the relevant Gaming Intermediary Agreement, AMA has under the supplemental agreements executed in October 2007 agreed to pay the collaborator the bonus of 0.3% of the amount of Collaborator Turnover if the aggregate amount of Collaborator Turnover in a month reaches 80% of the Minimum Turnover. In addition, AMA may pay a discretionary bonus of up to 0.01% of the Collaborator Turnover in that month if it appraises the collaborator's performance as dynamic and positive. The rates of the commissions and bonuses under the Gaming Intermediary Agreements were agreed between AMA and the collaborators after arm's length negotiations taking into account the prevailing rates offered by other junkets in Macau. AMA is obliged under each Gaming Intermediary Agreement to prepay commission to the relevant collaborator at the rate of 0.9% of the amount of Collaborator Turnover from time to time.

In December 2007, AMA has agreed to provide a grace period to the collaborators for six months to 30 June 2008 to pay the collaborator the bonus of 0.3% of the amount of Collaborator Turnover no matter whether the collaborators achieve 80% of the Minimum Turnover in the relevant month in order to let the collaborators build up and develop their businesses.

AMA will be benefited from earning the Profits which represent the difference between the commission and bonus receivable from the Gaming Operator under the Gaming Promotion Agreement and the commissions and bonuses payable to the collaborators under the Gaming Intermediary Agreements.

In order to control the flow of funds, AMA has set up its own shroff office at the relevant casino to keep the monies and chips which is operated by AMA's employees or representatives. The non-negotiable chips resold by AMA to each collaborator and returned by such collaborator to AMA will be processed and recorded by AMA's employees or representatives. They will also carry out reconciliation of the accounts on a daily basis. Full accounting books will be prepared and kept in AMA's main office which will be available for inspection by the Company from time to time.

Pursuant to the Loan Agreement, the books of account and all other records of Ace High and AMA (including the monthly junket representative settlement forms signed off by the casinos from time to time) shall be available to the Company or its duly authorized representatives for examination, audit, inspection and transcription without any restriction. As such, the Company will be fully aware of the financial and business positions of AMA and Ace High. The Company will also procure Ace High to arrange representative of the Company to be joint signatory to the bank accounts of AMA and Ace High respectively such that the Company will have sufficient control of the funds of AMA and Ace High respectively.

RISK FACTORS OF JUNKET BUSINESS

The followings are the risk factors in relation to the junket business operated by AMA:

(1) The provision of junket business is competitive in general. There is no guarantee that the targeted customers of AMA will not be lured away by other junket operators.

(2) The AMA Turnover generated by AMA operating as a junket representative under the Gaming Promotion Agreement relies on, among other factors, AMA's ability to procure customers, annual renewal of the gaming licence of Gaming Operator by the Macau Government and tenure of AMA acting as junket representative under the Gaming Promotion Agreement. In the event that AMA ceases to be committed to the junket business or ceases to be appointed as junket representative, the junket business, and thereby the Profits to be paid to Ace High, may be adversely affected. Moreover, if AMA fails to obtain the renewal of its junket licence from the Macau authority, it can no longer operate its junket business and no Profits can be paid to Ace High as a result.

(3) The operation of the junket business by AMA is subject to the ability of AMA in obtaining its renewed licence from the relevant Macau authority each year.

(4) The availability of the Profits relating to the AMA Turnover generated by AMA depends on the Gaming Promotion Agreement. The Gaming Promotion Agreement may or may not be renewed upon its expiry.

(5) The First Profit Transfer Agreement is subject to the annual renewal of the authorisation issued by DICJ, the relevant Macau authority on gaming. The authorisation letter may or may not be renewed.

(6) As the Profits are sourced from the AMA Turnover generated by AMA pursuant to the Gaming Promotion Agreement, there is a risk that those parts of the Profits will cease to be sources of the Profits if the Gaming Promotion Agreement expires or the junket licences of AMA cannot be renewed.

IMPLICATIONS UNDER THE LAWS OF HONG KONG AND THE LISTING RULES

Based on the opinion of the Hong Kong legal advisers of the Company, as the gaming activities of the gaming players introduced and brought by the collaborators under the Gaming Intermediary Agreements in casinos will take place outside Hong Kong and the bookmaking transactions and the parties to the transactions are outside Hong Kong, the junket business carried out by AMA will not be subject to the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong). Further, the Macau legal advisers of the Company, which is an Independent Third Party, having considered the relevant documents and the applicable laws, rules and regulations, have opined that AMA is validly licensed to act as a junket in Macau and the junket business carried out by AMA, the arrangements under the Gaming Promotion Agreement and the First Profit Transfer Agreement, all comply with the applicable laws in Macau.

Shareholders should be aware that under the guidelines issued by the Stock Exchange in relation to "Gambling activities undertaken by listing applicants and/or listed issuers" dated 11 March 2003, should the Group directly or indirectly be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate; and/or (ii) contravene the Gambling Ordinance, the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules. The Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares.

In relation to the prevention of money laundering activities, as AMA is licensed to operate the junket business by the competent authorities in Macau and the amount of turnover will be properly registered by AMA, the gaming activities and businesses are subject to stringent control and regulation of the Macau Government. As the activities are under the regulation of the Macau Government, the Directors consider that the activities AMA participates in should be legal and lawful and thereby the income derived from such activities should also be lawful and proper. The Company will also review its internal control systems and consider to adopt the guideline issued by the Hong Kong Monetary Authority in formulating its anti-money laundering policy.

As at the Latest Practicable Date, the renewed junket license has been issued to AMA by the relevant Macau authority to carry on its junket business.

After taking into account of the Capitalisation, the Nomination and the Transfer, each of the Hong Kong legal adviser and the Macau legal adviser to the Company maintains their respective opinion as disclosed above. In particular, the Hong Kong legal adviser considers that the junket business carried out by AMA will not be subject to the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong) and the Macau legal adviser is of the view that the junket business carried out by AMA, the Gaming Promotion Agreement and the First Profit Transfer Agreement comply with the applicable laws in Macau.

LISTING RULES IMPLICATIONS

As Ms. Chen, the majority shareholder of AMA, was a director of a dormant subsidiary of the Company until her resignation on 25 February 2008, Ms. Chen is a connected person of the Company and therefore the Capitalisation will constitute a connected transaction on the part of the Company.

The Capitalisation constitutes a very substantial acquisition and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules, and is subject to the approval of the Independent Shareholders at the SGM. As at the Latest Practicable Date, Ms. Chen and her associates hold a total of 256,700,000 Shares (equivalent to 25,670,000 Consolidated Shares).

CONTINUING CONNECTED TRANSACTION

Immediately after completion of the Capitalisation, Ace High will become a subsidiary of the Company.

As Ms. Chen, the majority shareholder of AMA, was a director of a dormant subsidiary of the Company until her resignation on 25 February 2008 and thus is a connected person to the Company, the provision of operating capital by Ace High to AMA to develop the junket business under the First Profit Transfer Agreement will constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules, and is subject to the approval of the Independent Shareholders at the SGM.

The First Profit Transfer Agreement was originally entered into between Ace High and AMA on 10 September 2007. Pursuant to the First Profit Transfer Agreement, Ace High has agreed to grant a loan facility up to the maximum aggregate amount of HK$3 billion (or such other amount as may be agreed by the parties thereto in writing) for the operating capital of AMA that will be needed to develop the junket business under the Gaming Promotion Agreement and in return AMA has agreed to transfer all Profits to Ace High. Accordingly, the annual cap of the Continuing Connected Transaction should be HK$3 billion pursuant to Rule 14A.35(2) of the Listing Rules.

The loan facility provided by Ace High to AMA under the First Profit Transfer Agreement is revolving in nature.

The First Profit Transfer Agreement was entered into based on the authorisation letter issued by DICJ, the relevant Macau gaming authority, which must be renewed every year by DICJ, the relevant Macau gaming authority. The authorisation letter issued by DICJ would authorise the transfer of profits of AMA in favour of Ace High concerning the profits of AMA for each fiscal year pursuant to the applicable laws of Macau. The parties to the First Profit Transfer Agreement agreed that the terms and conditions of the First Profit Transfer Agreement will be renewed in accordance with the renewal of the said authorisation letter. To the best of the Directors' knowledge, the renewal of the First Profit Transfer Agreement is in progress and after seeking preliminary legal advices from the Macau legal advisers, the Board believes that there would be no legal difficulties in obtaining such renewal. Such renewal of the said authorization letter is separate from the annual renewal of junket license of AMA.

As announced in the announcement of the Company dated 30 April 2008, the supplemental agreement has been entered into between the relevant parties on 29 April 2008 such that the term of the First Profit Transfer Agreement will be fixed to three years and may be renewed at the discretion of Ace High thereafter. The supplemental agreement has been approved by DICJ, the relevant Macau authority. Save as disclosed herein, there is no change to the other material terms of the First Profit Transfer Agreement after the entering into of the supplemental agreement.

The provision of operating capital from Ace High to AMA is based on the written First Profit Transfer Agreement and the main terms of the First Profit Transfer Agreement have been disclosed above.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Chan Chiu Hung, Alex, Mr. Lee Tsz Hong and Mr. Ng Wai Hung, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the Capitalisation and the Continuing Connected Transaction and whether the Capitalisation and the Continuing Connected Transaction are on normal commercial terms and in the interests of the Company and Shareholders as a whole. Hantec has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Capitalisation and the Continuing Connected Transaction as to whether the terms of the Capitalisation and the Continuing Connected Transaction are fair and reasonable on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

REASONS FOR THE CAPITALISATION

The Group is principally engaged in investment holding, gaming and entertainment business in Macau, and manufacture and sale of electronic consumer products, LCD modules and LCD panels.

According to the information provided by AMA, since the commencement of its junket business pursuant to the Gaming Promotion Agreement on 15 December 2007, AMA had recorded an unaudited rolling chip turnover of approximately HK$16 billion for the period between 15 December 2007 and 31 December 2007, approximately HK$40 billion for the calendar month ended 31 January 2008, approximately HK$41.9 billion for the calendar month ended 29 February 2008 and approximately HK$41.3 billion for the calendar month ended 31 March 2008.

Given such promising results, Ace High will be benefited from the Profits under the profit transfer arrangement under the First Profit Transfer Agreement and the Second Profit Transfer Agreement.

Following Completion, the Company will practically own the entire enlarged issued share capital of Ace High which is the beneficiary of 80% of the Profits pursuant to the terms of the First Profit Transfer Agreement and the Second Profit Transfer Agreement. The Directors therefore expect that the Capitalisation will be a good opportunity for the Group to generate additional stable income in the future.

Based on the above, the Directors are of the view that the Capitalisation (including the amount to be capitalised to the Company's percentage of interests in Ace High after Completion) is on normal commercial terms following arm's length negotiations between the parties to the Loan Agreement and the Capitalisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE OF COMPANY NAME

The Board also proposes to change the name of the Company from "A-Max Holdings Limited" to "AMax Entertainment Holdings Limited" and upon the name change becoming effective, the new Chinese name "澳瑪娛樂控股有限公司" will be adopted to replace "奧瑪仕控股有限公司" for identification purpose only, subject to the conditions set out below being fulfilled. Due to the diversification in the scope of business of the Company, the Board considers that the proposed new name will reflect the corporate nature of the Company more accurately. The proposed new name can also refresh the corporate image and identity of the Company.

The proposed change of the Company's name will be subject to the following:

1. the passing of a special resolution by the shareholders of the Company at the SGM approving the change of the Company's name; and

2. if necessary, the Registrar of Companies in Bermuda approving the change of the Company's name.

The new name of the Company will take effect from the date of entry of the new name on the register maintained by the Registrar of Companies in Bermuda. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

Effects of change of Company's name

The change of Company's name will not affect any rights of the holders of securities of the Company. All existing certificates of securities in issue bearing the present name of the Company shall, after the proposed change of the Company's name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. Once the change of the Company's name becomes effective, new share certificates will be issued only in the new name of the Company.

The stock short name of the Company will be changed upon the Proposed Name Change becoming effective. Further announcement of the Company will be made as and when appropriate.

FINANCIAL EFFECTS OF THE CAPITALISATION ON THE GROUP

Assets and liabilities

Set out in Appendix IV to this circular is the unaudited pro forma consolidated financial information of the Enlarged Group. Upon Completion, the consolidated total assets of the Enlarged Group would be increased by approximately HK$2,000 million from approximately HK$107 million to approximately HK$2,108 million and the consolidated total liabilities of the Group would be increased by approximately HK$32 million from approximately HK$888 million to approximately HK$920 million.

Earnings

Upon Completion, the financial results of Ace High will be consolidated into the consolidated financial statements of the Group. While there is no immediate material impact on earnings of the Group caused by the Capitalisation, the Directors consider that the Capitalisation will contribute positively to the results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF ACE HIGH

Financial resources and analysis

As at 31 January 2008, the net assets value of Ace High was approximately HK$18,440,883, the principal asset of Ace High was loan to AMA of approximately HK$1,900,000,000 and the principal liability of Ace High was loan from the Company of approximately HK$1,900,000,000.

Ace High expresses its gearing ratio as a percentage of borrowings over total shareholders' funds.

As at 31 January 2008, Ace High did not have bank borrowing. The liquidity ratio of Ace High as at 31 January 2008, represented by a ratio of current assets over current liabilities, was approximately 1:1. The gearing ratio of Ace High as at 31 January 2008, represented by a ratio at total borrowings to total shareholders' funds was approximately 0.77 times.

As at 31 January 2008, the shareholders' funds of Ace High, including the share capital and retained profit, amounted to approximately HK$18,440,875. Current assets were approximately HK$1,940,447,047, mainly comprising loan to AMA. Current liabilities were approximately HK$1,922,006,164, mainly comprising loan from the Company.

Financial review

According to the financial information of Ace High for the period from 16 July 2007 (being the date of incorporation) to 31 January 2008, the turnover of Ace High amounted to approximately HK$40,447,039 and the net profit for the period amounted to approximately HK$18,440,875.

Exposure to exchange rate fluctuation

During the period from 16 July 2007 ended 31 January 2008, Ace High experienced immaterial exchange rate fluctuations as most of its monetary assets and liabilities were denominated in Hong Kong Dollars.

Commitment, contingent liabilities and significant investment

As at 31 January 2008, Ace High had no commitment, contingent liabilities and significant investment.

Charges on Ace High's assets

As at 31 January 2008, Ace High had no charges on its assets.

Employees and remunerations policies

As at 31 January 2008, Ace High had approximately 80 employees. The total remuneration to employees for the period ended 31 January 2008 amounted to Nil.

Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee.

PROSPECTS OF THE ENLARGED GROUP

The completion of the acquisition of 30% equity interest in Greek Mythology on 28 March 2006, bringing the Company's equity interest in Greek Mythology to 49.9%, embarked the Group's full participation in Macau's gaming and entertainment sector, one of the world's fastest-growing gaming markets.

Focusing on the new operating environment, the Group was actively identifying investment opportunities to broaden its revenue base and market share. One of the milestones was the successful expansion of its operation into the VIP gaming market through engagement in the high-rolling gaming business since March 2007.

Following the significant participation of the major international players in the gaming industry in Macau, the management considers that the VIP gaming market would be one of the major sectors for the future success. In this respect, the Group would grasp every opportunity to enrich its VIP gaming business.

The proposed acquisition of Ace High represents another milestone of the Group in expanding its participation in Macau's gaming and entertainment sector. The management of the Group anticipates that with the Capitalisation, the gaming business of the Group will further expand and will contribute positively to the results of the Enlarged Group in the coming years.

SGM

Set out on pages 154 to 156 is a notice convening the SGM to be held at Room 3203, 32/F., Strategic Financial Relations Limited, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, 12 June 2008 at 5:00 p.m. at which relevant resolution(s) will be proposed to the Independent Shareholders and/or Shareholders to consider and, if thought fit, approve the Capitalisation, the Continuing Connected Transaction and the Proposed Name Change.

The Capitalisation and the Continuing Connected Transaction are conditional upon the approval of the Independent Shareholders at the SGM and voting on the relevant resolutions regarding the Capitalisation and the Continuing Connected Transaction shall be taken by way of a poll. Ms. Chen and her associates shall abstain from voting on the relevant resolutions at the SGM due to her interests in the Capitalisation and the Continuing Connected Transaction. Save as disclosed, to the best of the Directors' knowledge, no other Shareholders have a material interest in the Capitalisation and/or the Continuing Connected Transaction and therefore will be required to abstain from voting at the SGM. As at the Latest Practicable Date, Ms. Chen and her associates hold a total of 256,700,000 Shares (equivalent to 25,670,000 Consolidated Shares), representing approximately 0.96% of the issued share capital of the Company.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, 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 or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

PROCEDURE FOR DEMANDING A POLL AT GENERAL MEETING

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. The relevant resolutions regarding the Capitalisation and the Continuing Connected Transaction shall be taken by way of a poll at the SGM.

RECOMMENDATION

The Board considers that the Capitalisation and Continuing Connected Transaction are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions as set out in the notice of SGM to approve the Capitalisation and the Continuing Connected Transaction. The Board also considers that the Proposed Name Change is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the special resolution as set out in the notice of the SGM to approve the Proposed Name Change.

Your attention is also drawn to the letter from the Independent Board Committee set out on page 26 of this circular. The Independent Board Committee, having taken into account of the advice of Hantec, the text of which is set out on pages 28 to 44 of this circular, considers that the terms of the Capitalisation and the Continuing Connected Transaction are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolutions to be proposed at the SGM to approve the Capitalisation, the Continuing Connected Transaction and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
A-Max Holdings Limited
Cheung Nam Chung, Brian
Chairman

A-MAX HOLDINGS LIMITED
奧 瑪 仕 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

16 May 2008

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

We refer to the letter from the Board set out in the circular (the "**Circular**") dated 16 May 2008, of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Capitalisation and the Continuing Connected Transaction and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Capitalisation and the Continuing Connected Transaction and to recommend how the Independent Shareholders should vote at the SGM. Hantec has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 25 of the Circular, and the letter from Hantec to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Capitalisation and the Continuing Connected Transaction, as set out on pages 28 to 44 of this Circular.

* *for identification purpose only*

Having taken into account the advice of Hantec, we consider that the Capitalisation and the Continuing Connected Transaction are on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole and that the terms of the Capitalisation and the Continuing Connected Transaction are fair and reasonable in so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Capitalisation and the Continuing Connected Transaction.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Chan Chiu Hung, Alex	**Mr. Lee Tsz Hong**	**Mr. Ng Wai Hung**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from Hantec to the Independent Board Committee and the Independent Shareholders in respect of the Capitalisation and the Continuing Connected Transaction, which has been prepared for the purpose of inclusion in this circular:

Hantec Capital Limited
45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

16 May 2008

To the Independent Board Committee and the Independent Shareholders of A-Max Holdings Limited

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Capitalisation and the Continuing Connected Transaction, details of which are contained in the Letter from the Board (the "**Letter from the Board**") contained in the circular (the "**Circular**") of the Company to the Shareholders dated 16 May 2008 and in which this letter is reproduced. Terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular unless the context otherwise requires.

On 23 August 2007, the Company entered into the conditional Loan Agreement with Ace High whereby the Company agreed to provide a term loan facility of up to HK$3 billion to Ace High which in turn would on-lend the same amount to AMA to operate the junket business in Macau. Pursuant to the Loan Agreement, within six months from the date thereof or such later date as the parties may agree in writing, the Company shall have the right, at its absolute discretion, by giving not less than three days' notice in writing to Ace High, to capitalise HK$50,000,000 of the principal amount of the Loan for an allotment and issue of such number of new shares of Ace High representing 99.99% of the enlarged issued share capital of Ace High on a fully diluted basis. The entering into of the Loan Agreement constituted a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and was subject to the approval of the Shareholders. The Loan Agreement was approved by the Shareholders on 21 November 2007 and the Loan Agreement became unconditional on 14 December 2007.

On 4 December 2007, the Company and Ace High signed a confirmation letter to vary the maximum amount of the Loan under the Loan Agreement from up to HK$3 billion to up to HK$2 billion (or such other amount as the parties may agree in writing).

On 14 December 2007, Ace High made a drawing of HK$1.9 billion under the Loan Agreement.

On 11 February 2008, the Company served the Capitalisation Notice on Ace High to capitalise HK$50,000,000 of the principal amount of the Loan. Pursuant to the Capitalisation Notice, Ace High will allot and issue the Capitalised Ace High Shares representing 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation.

As Ms. Chen, the majority shareholder of AMA, was a director of a dormant subsidiary of the Company at the time the announcement was made on 20 February 2008 (until her resignation on 25 February 2008) and thus is a connected person to the Company. The Capitalisation constitutes a very substantial acquisition and connected transaction on the part of the Company under the Listing Rules and is subject to the approval of the Independent Shareholders at the SGM. Immediately after completion of the Capitalisation, the provision of operating capital by Ace High to AMA to develop the junket business under the First Profit Transfer Agreement will constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules, and is subject to the approval of the Independent Shareholders at the SGM. To the best of the Directors' knowledge, other than Ms. Chen and her associates, no other Shareholders have a material interest in the Capitalisation and the Continuing Connected Transaction and are required to abstain from voting at the SGM for approving the Capitalisation and the Continuing Connected Transaction.

The Independent Board Committee comprises Mr. Chan Chiu Hung, Alex, Mr. Lee Tsz Hong and Mr. Ng Wai Hung, all being independent non-executive Directors, will be established to advise the Independent Shareholders as to the fairness and reasonableness of the Capitalisation and the Continuing Connected Transaction and whether the Capitalisation and the Continuing Connected Transaction are in the interests of the Company and Shareholders as a whole.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

The principal factors and reasons that we have taken into consideration in assessing the Capitalisation and the Continuing Connected Transaction and the terms thereof and arriving at our opinion are set out as follows:

1. Background of the Group

The Group is principally engaged in investment holding, gaming and entertainment business in Macau, and manufacture and sale of electronic consumer products, LCD modules and LCD panels.

The table below sets out the financial results of the Group for the two years ended 31 March 2007 and six months ended 30 September 2007 as extracted from the Group's public financial statements.

	Year ended 31 March		**Six months ended 30 September**	
	2006	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			Unaudited	*Unaudited*
Continuing operations				
Turnover	60,971	65,326	34,287	132,223
Profit/(loss) for the year/period	132,603	(110,710)	(17,203)	(50,413)
Discontinuing operation				
Turnover	20,064	260	206	18
Loss for the year/period	(19,661)	(7,990)	(1,019)	(306)
Profit/(loss) attributable to equity shareholders of the Company	112,942	(118,659)	(18,209)	(51,708)

	As at 31 March		As at 30 September
	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*
			Unaudited
Net asset value	1,777,985	1,759,589	1,707,881

According to the 2007 annual report of the Company, the Group's total turnover (including both continuing and discontinued operations) of approximately HK$65.6 million, representing a decrease of 19.0% over the previous year, was resulted mainly from the discontinuation of manufacturing business of consumer products. The Group's total turnover increased substantially by 283.2% from approximately HK$34.5 million for the six months ended 30 September 2006 to approximately HK$132.2 million for the six months ended 30 September 2007, which primarily due to the significant contributions from the Group's gaming and entertainment business.

The Group reported net loss attributable to equity shareholders of the Company for the year ended 31 March 2007 and the six months ended 30 September 2007. According to the 2007 annual report and 2007/2008 interim report of the Company, such loss was due to non-cash expenses, amortisation of intangible assets and non-operating items.

The following table sets out the Group's turnover by business segments for the two years ended 31 March 2007 and six months ended 30 September 2007 as extracted from the Group's public financial statements.

	Year ended 31 March				Six months ended 30 September			
	2006		2007		2006		2007	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					Unaudited		*Unaudited*	
Continuing operations								
LCD products	60,971	75.2	59,580	90.9	33,857	98.2	24,381	18.4
Gaming operations	–	–	1,131	1.7	427	1.2	107,842	81.6
Travel packages	–	–	4,615	7.0	–	–	–	–
	60,971	75.2	65,326	99.6	34,284	99.4	132,223	100.0
Discontinued operation								
LCD consumer products	20,064	24.8	260	0.4	206	0.6	18	0.0
Total turnover	**81,035**	**100**	**65,586**	**100**	**34,493**	**100**	**132,241**	**100**
Gross margin	**N/A**		**12.0%**		**N/A**		**16.6%**	

As disclosed in the 2007 annual report of the Company, the management of the Company anticipates that the gaming business of the Group will be further expanded and be a major sector of the Group's operations in the coming years. As stated in the 2007/2008 interim report of the Company, the Directors are confident that the new junket aggregation business will bring about a transformational change to the Group's earnings profile as well as its growth potential. It can be noticed from the above table that the Group has broadened its revenue base in the gaming and entertainment business which is in accordance with the Group's business strategy. The gaming and entertainment segment contributed 81.6% of the Group's total turnover for the six months ended 30 September 2007 compared to 1.7% for the year ended 31 March 2007 and nil for the year ended 31 March 2006. It also can be noticed that, with larger percentage of the Group's turnover generated from the gaming and entertainment business, the gross margin of the Group increased from 12.0% for the year ended 31 March 2007 to 16.6% for the six months ended 30 September 2007.

2. Capitalisation

(i) Background information of Ace High

Ace High is a special purpose company to finance the business of AMA. Ace High may make a drawing or drawings of up to HK$2 billion pursuant to the Loan Agreement (as amended by a confirmation letter signed by the Company and Ace High on 4 December 2007) and then through the First Profit Transfer Agreement on-lend the same amount to AMA to operate the junket business in Macau. Up to the Latest Practicable Date, Ace High made a drawing of HK$1.9 billion under the Loan Agreement to AMA.

The principal asset of Ace High is its rights and interests of and in the First Profit Transfer Agreement. According to the financial information of Ace High as set out in Appendix III to the Circular, as at 31 January 2008, the majority asset of Ace High was available-for-sale financial asset of HK$4.37 billion and the majority liability of Ace High was the loan payable to the Company of HK$1.9 billion. For the period from 16 July 2007 (being date of incorporation of Ace High) to 31 January 2008, Ace High recorded turnover of approximately HK$40.4 million and profit of approximately HK$18.4 million.

As at the Latest Practicable Date, Mr. Albino was the sole owner of the entire issued share capital and Ms. Chen was the sole director of Ace High. After the Capitalisation, Ace High will become a 99.99% owned subsidiary of the Company and the Company will maintain a majority in the board composition in Ace High. The voting rights of the Company and Mr. Albino in Ace High will correspond to their respective shareholdings in Ace High.

Ace High and Mr. Albino have entered into the Second Profit Transfer Agreement whereby 20% of the Profits received by Ace High (before any payment of interest accruing on the Loan) from time to time will be transferred to Mr. Albino or a company nominated by him. To the best of the Directors' knowledge and information, Mr. Albino has nominated Ms. Chen under the Second Profit Transfer Agreement to receive 20% of the Profits received by Ace High with effect from 1 January 2008. The Second Profit

Transfer Agreement shall continue to be valid and subsisting after Completion and accordingly, only 80% of the Profits will ultimately be retained by Ace High.

(ii) Background information of AMA

AMA is the holder of a junket license to carry out the junket business in Macau. It specializes in introducing gaming players to the high roller gaming areas in casinos in Macau. As at the Latest Practicable Date, AMA was owned by Ms. Chen as to 96% and by Mr. Albino as to 4%.

The principal assets of AMA are the junket license and its rights and interests of and in the Gaming Promotion Agreement and the Gaming Intermediary Agreements. According to the information provided by AMA, since the commencement of its junket business pursuant to the Gaming Promotion Agreement on 15 December 2007, AMA had recorded an unaudited rolling chip turnover of approximately HK$16 billion for the period between 15 December 2007 and 31 December 2007, and approximately HK$40 billion, HK$41.9 billion and HK$41.3 billion respectively for each of the three calendar months ended 31 March 2008.

AMA and Ace High have entered into the First Profit Transfer Agreement whereby Ace High has agreed to provide for an indefinite term all the operating capital of AMA that will be needed to develop the junket business under the Gaming Promotion Agreement, and AMA in return has agreed to transfer all the Profits to Ace High. AMA will not be a subsidiary of Ace High by virtue of the First Profit Transfer Agreement and the results of AMA will not be consolidated into the accounts of Ace High.

(iii) Operating mechanism of junket business by AMA

AMA has entered into 10 Gaming Intermediary Agreements with the collaborators who introduce and bring gaming players to play at the VIP gaming rooms or tables located at the casinos in Macau designated by AMA. Pursuant to the Gaming Promotion Agreement, the gaming players introduced and brought by the collaborators will primarily play at the casino operated by the Gaming Operator.

AMA will arrange to use its own funds to purchase the non-negotiable chips from the Gaming Operator under the Gaming Promotion Agreement for resale to the collaborators for cash. When the gaming players finish playing at the casino, the collaborators will return the unused non-negotiable chips to AMA for cash. AMA is also entitled to return the unsold non-negotiable chips to the casino for cash.

Under the Gaming Promotion Agreement (as amended by a supplemental agreement as announced in the announcement of the Company dated 10 December 2007), the Gaming Operator will pay commission and bonus to AMA on a daily basis by reference to the agreed thresholds of the AMA Turnover which represents the aggregate amount of non-negotiable chips purchased by AMA less the non-negotiable chips returned by AMA to the Gaming Operator. The percentages are on a sliding scale ranging from 1.2% to 1.35% of the AMA Turnover such that the greater the AMA Turnover, the higher the percentage of commission and bonus to be paid to AMA.

Under each Gaming Intermediary Agreement, AMA will pay commission to the relevant collaborator on a daily basis at the rate of 0.9% of the aggregate amount of Collaborator Turnover. AMA will pay the collaborator a bonus of 0.3% of the amount of Collaborator Turnover in that month if the aggregate amount of Collaborator Turnover in a month reaches the Minimum Turnover agreed under the relevant Gaming Intermediary Agreement. In addition, AMA may pay a discretionary bonus of up to 0.01% of the Collaborator Turnover in that month if it appraises the collaborator's performance as dynamic and positive.

AMA will be benefited from earning the Profits which represent the difference between the commission and bonus receivable from the Gaming Operator under the Gaming Promotion Agreement and the commissions and bonuses payable to the collaborators under the Gaming Intermediary Agreements.

For further details regarding the operating mechanism of junket business by AMA, please refer to the Letter from the Board.

(iv) Overview of gaming business in Macau

With respect to the Principal Statistical Indicators as last updated on 25 April 2008 from Statistics and Census Service of Macau Special Administrative Region, the gross domestic product increased from approximately MOP 83.0 billion in 2004 to approximately MOP 153.6 billion in 2007 which represented a compound annual growth rate of approximately 22.8% during the period. During the same period, the number of visitor arrival also increased from approximately 16.7 million in 2004 to approximately 27.0 million in 2007, representing a compound annual growth rate of approximately 17.4% over the period. With reference to the Gaming Statistics for the year 2007 from DICJ, the number of casinos increased from 15 in 2004 to 28 in 2007 with the gross revenue generated from gaming business increased from approximately MOP 43.5 billion in 2004 to approximately MOP 83.8 billion in 2007, representing a compound annual growth rate of approximately 24.4% over the period.

(v) Reasons for and benefits of the Capitalisation

According to the information provided by AMA, since the commencement of its junket business pursuant to the Gaming Promotion Agreement on 15 December 2007, AMA had recorded an unaudited rolling chip turnover of approximately HK$16 billion for the period between 15 December 2007 and 31 December 2007, and approximately HK$40 billion, HK$41.9 billion and HK$41.3 billion respectively for each the three calendar months ended 31 March 2008. Given such promising results, Ace High will be benefited from the Profits under the profit transfer arrangement under the First Profit Transfer Agreement and the Second Profit Transfer Agreement. Following Completion, the Company will practically own the entire enlarged issued share capital of Ace High which is the beneficiary of 80% of the Profits pursuant to the terms of the First Profit Transfer Agreement and the Second Profit Transfer Agreement. The Directors therefore expect that the Capitalisation will be a good opportunity for the Group to generate additional stable income in the future.

The Directors are of the view that the Capitalisation (including the amount to be capitalised to the Company's percentage of interests in Ace High after Completion) is on normal commercial terms following arm's length negotiations between the parties to the Loan Agreement and the Capitalisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As stated in the 2007 annual report of the Company, following the acquisition of 49.9% in Greek Mythology (Macau) Entertainment Group Corporation Limited, the Group was actively participated in the gaming and entertainment business in Macau. In order to capture the opportunities in the fastest growing gaming market there, the Group also expanded its own business in operating high-rolling gaming tables, electronic slot machines and provision of services for electronic gaming entertainment. As further set out in the 2007/2008 interim report of the Company, the Directors are of the opinion that the continuing spectacular growth in the VIP gaming market in Macau and the increasingly fierce competition between the six license holders have created a new order whereby gaming intermediaries will benefit the most. The Directors are confident that the new junket aggregation business will bring about a transformational change to the Group's earnings profile as well as its growth potential. Although Ace High is only in the position of provision of operating capital to AMA for its junket business and is not directly engaged in the operating junket business, the performance of Ace High heavily relies on the junket business performed by AMA. Therefore, the Capitalisation provides the Group an opportunity to enrich its gaming and entertainment business.

Currently, the Group lent a loan of HK$1.9 billion to Ace High and is entitled to receive an interest income at the rate equal to the prime lending rate as quoted by the Hongkong and Shanghai Banking Corporation Limited in Hong Kong from time to time plus 2% per annum thereon. After completion of the Capitalisation, Ace High will become a 99.99% owned subsidiary of the Company and the financial results of Ace High would be consolidated into the accounts of the Company. Pursuant to the First Profit Transfer Agreement and the Second Profit Transfer Agreement, Ace High will ultimately enjoy 80% of the Profits transferred from AMA. According to the information provided by AMA, the aggregate unaudited rolling chip turnover of AMA was approximately HK$139.2 billion for the period from 15 December 2007 to 31 March 2008. As set out in Appendix III to the Circular, Ace High recorded turnover of approximately HK$40.4 million and profit of approximately HK$18.4 million during the period from 16 July 2007 (being date of incorporation of Ace High) to 31 January 2008. In this regard, we consider that the Capitalisation will enable the Company to broaden its revenue base and is more attractive to the Company.

As set out in the Letter from the Board, the Directors have taken into account the following risks associated with the junket business operated by AMA:

(1) The provision of junket business is competitive in general. There is no guarantee that the targeted customers of AMA will not be lured away by other junket operators.

(2) The AMA Turnover generated by AMA operating as a junket representative under the Gaming Promotion Agreement relies on, among other factors, AMA's

ability to procure customers, annual renewal of the gaming licence of Gaming Operator by the Macau Government and tenure of AMA acting as junket representative under the Gaming Promotion Agreement. In the event that AMA ceases to be committed to the junket business or ceases to be appointed as junket representative, the junket business, and thereby the Profits to be paid to Ace High, may be adversely affected. Moreover, if AMA fails to obtain the renewal of its junket licence from the Macau authority, it can no longer operate its junket business and no Profits can be paid to Ace High as a result.

(3) The operation of the junket business by AMA is subject to the ability of AMA in obtaining its renewed licence from the relevant Macau authority each year.

(4) The availability of the Profits relating to the AMA Turnover generated by AMA depends on the Gaming Promotion Agreement. The Gaming Promotion Agreement may or may not be renewed upon its expiry.

(5) The First Profit Transfer Agreement is subject to the annual renewal of the authorization issued by DICJ, the relevant Macau authority on gaming. The authorization letter may or may not be renewed.

(6) As the Profits are sourced from the AMA Turnover generated by AMA pursuant to the Gaming Promotion Agreement, there is a risk that those parts of the Profits will cease to be sources of the Profits if the Gaming Promotion Agreement expires or the junket licences of AMA cannot be renewed.

As at the Latest Practicable Date, the board of directors of Ace High comprises Ms. Chen as the sole director. The Company intends to further nominate three (3) additional directors to the board of Ace High and to maintain the board control of Ace High after the Completion. There is no restriction contained in the Loan Agreement to limit the number of directors which may be nominated by the Company.

In view of the Capitalisation (i) is in line with the business development strategy of the Company and it represents a further step for the Group to strengthen its foothold in the areas of gaming and entertainment business in Macau; (ii) could provide the Group additional stable income in the future; and (iii) demonstrates the potential to achieve further business development leveraging on the positive future outlook of the gaming business in Macau, we are of the view that the Capitalisation is in the interest of the Company and the Shareholders as a whole despite the existence of risks in relation to the junket business operation of AMA.

(vi) Consideration of the Capitalisation

Pursuant to the Capitalisation Notice, the Company will capitalise a sum of HK$50,000,000 of the Loan and Ace High will allot and issue the Capitalised Ace High Shares which will represent 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation.

As at the Latest Practicable Date, the issued share capital of Ace High is 1 share of US$1.00 contributed by Mr. Albino. Under the Capitalisation, 9,999 shares of US$1.00 each in the issued share capital of Ace High will be allotted and issued to the Company, representing 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation.

The amount of HK$50,000,000 to be capitalised was provided for in the Loan Agreement, which has been approved by the Shareholders at the special general meeting of the Company held on 21 November 2007. The amount to be capitalised and the Company's percentage of interests in Ace High after the Capitalisation have been determined after arm's length negotiations between the Company, Ace High and Mr. Albino with reference to (i) the estimated Profits that will be generated by AMA based on the aggregate Minimum Turnover undertaken by the collaborators of AMA under the Gaming Intermediary Agreements; and (ii) the funding of the operating capital for AMA's junket business by way of the Loan.

As Ace High only record turnover and profit after 15 December 2007 (being the date of commencement of business of AMA) and has no full year basis earnings, it is impracticable to assess the fairness and reasonableness of the consideration in term of the price to earnings ratio. However, having considered that (i) the amount capitalised under the Capitalisation of HK$50,000,000 represents a discount of approximately 98.0% to the net asset value shared by the Company in Ace High subsequent to the Capitalisation of approximately HK$2,538,187,039 (based on 99.99% of the Company's shareholding in Ace High multiplied by the net asset value of Ace High as at 31 January 2008 of HK$2,488,440,883 together with the amount capitalised under the Capitalisation of HK$50,000,000 and assuming there would no changes in net asset value of Ace High subsequent to 31 January 2008); (ii) Ace High has already generated profit since its operation on 15 December 2007 and has recorded approximately HK$18.4 million profit since its incorporation up to 31 January 2008; (iii) the consideration has been arrived based on fair discussion and commercial decision made by the parties to the Loan Agreement; and (iv) the Company would have substantial control on Ace High after the Capitalisation and the results of Ace High will be consolidated into the Group's account, we are of the view and concur with the view of the Directors that the consideration is fair and reasonable. Nevertheless, Shareholders should note that the amount capitalised under the Capitalisation represents a substantial discount to the net asset value shared by the Company in Ace High subsequent to the Capitalisation is mainly attributable to the available-for-sale financial asset of Ace High amounting HK$4,370,000,000 which is the value of the Loan Agreement as appraised by an independent valuer. The analysis of the valuation as appraised by an independent valuer is as stated in the section headed "Valuation of the Loan Agreement" below.

Besides, we note from the Letter from the Board that 20% of the Profits received by Ace High (before any payment of interest accruing on the Loan) will be transferred to Ms. Chen nominated by Mr. Albino. In other words, only 80% of the Profits will ultimately be retained by Ace High and to be consolidated into the Company's accounts. As advised by the Company, each of Mr. Albino and Ms. Chen has extensive experience in gaming operations which is of great benefit to junket business operation of AMA. We also note from the official website of DICJ that DICJ will assess, among others, the qualification and working experience of the shareholders with 5% or above shareholding, directors and principal employees when considering the issuing or renewing junket license. Thus, Mr. Albino and Ms. Chen's background will help AMA in the renewal of its junket license. In this regard, we are of the view that 20% of the Profits to be transferred to Mr. Albino or a company nominated by him is acceptable and is in the interest of the Group. In addition, as discussed in the paragraph headed "Reasons for and benefits of the Capitalisation" above, given the recent operation result of AMA and the promising future of gaming industry in Macau, substantial revenue will be generated by AMA in the future and 80% of the Profits would be still considerable to the Group as a whole. Besides, after the Capitalisation, the Company would have substantial control on Ace High including majority voting rights. Based on the above, we consider such profit distribution arrangement is commercial acceptable and is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(vii) Valuation of the Loan Agreement

We have also reviewed the valuation prepared by an independent valuer, Grant Sherman Appraisal Limited ("Grant Sherman") in relation to the value of the Loan Agreement. We have discussed with Grant Sherman as to the methodology and the principal bases and assumptions adopted in the valuation report. We consider the methodology and the principal bases and assumptions adopted in the valuation report have been made with due care and objectivity on a reasonable basis as summarized below:

We understand that Grant Sherman used Gordon Growth Model to estimate the value of the Loan Agreement. As advised by Grant Sherman, it is common to value such contract by Gordon Growth Model, which estimates the market value of the Loan Agreement by the below formula:

$PV = E_0(1+g) / (k-g)$ or $PV = E_1 / (k-g)$

Where:

PV	=	Present value
E_0	=	Annualized historical economic income immediately before appraisal date as of 31 January 2008 (Note: Income based on the historical financial performance of AMA during the period from 15 December 2007 to 31 January 2008)
E_1	=	Expected economic income in the full year period immediately after the appraisal date
k	=	Discount rate
g	=	Long-term growth rate of E, annually compounded in perpetuity

We understand from Grant Sherman that Grant Sherman annualized the historical economic income of AMA during the period from 15 December 2007 to 31 January 2008 to arrive at the value of E_0 in the valuation of the Loan Agreement.

We understand from Grant Sherman that the discount rate adopted in the valuation of the Loan Agreement was determined taking into account of relevant factors including (i) equity risk premium as derived from the Capital Asset Pricing Model from a set of market comparables of 5 listed companies; (ii) small size premium as extracted from the 2008 Ibbotson SBBI Valuation Yearbook; (iii) intangible risk premium based on Grant Sherman's professional judgment considering the nature of the Loan Agreement; and (iv) start-up risk premium based on Grant Sherman's view on the business history of AMA. We are of the view that the discount rate used by Grant Sherman in arriving at the valuation of the Loan Agreement is fair and reasonable.

Based on the above and having discussed with Grant Sherman regarding, among other things, (i) the scope of work and assumptions of the valuation; and (ii) the valuation basis and methodologies, in particular the discount rate adopted under the valuation, nothing material has come to our attention that would lead us to believe that the valuation report from Grant Sherman was not prepared on a reasonable basis nor reflect estimates and assumptions which have been arrived at after due and careful consideration. Therefore we consider that the basis, assumptions and methodologies adopted by Grant Sherman for the valuation are appropriate. **However, Shareholders are advised to note that the conclusions of market value of the Loan Agreement were based on generally accepted valuation procedures and practices that rely exclusively on the use of numerous assumptions and the consideration of uncertainties, not all of which can be easily quantified or ascertained. Failure of any such assumptions would significantly affect the valuation.**

The valuation of the Loan Agreement amounted to HK$4.37 billion as valued by Grant Sherman according to the valuation report. The difference between such valuation and the loan made by the Group to Ace High of HK$1.9 billion is therefore HK$2.47 billion. Given that the Group will be able to enjoy the profits generated from Ace High subsequent to the Capitalisation and the valuation of the Loan Agreement is significantly higher than the loan made by the Group, we consider the Capitalisation is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(viii) Financial effects of the Capitalisation

Earnings

Since the commencement of the junket business pursuant to the Gaming Promotion Agreement on 15 December 2007 and up to 31 March 2008, AMA had recorded an aggregate unaudited rolling chip turnover of approximately HK$139.2 billion. As set out in Appendix III to the Circular, Ace High recorded turnover of approximately HK$40.4 million and profit of approximately HK$18.4 million during the period from 16 July 2007 (being date of incorporation of Ace High) to 31 January 2008. Considering (i) the promising results mentioned aforesaid, and (ii) following Completion, the Company will practically own the enlarged issued share capital of Ace High which is the beneficiary of 80% of the Profits pursuant to the terms of the First Profit Transfer Agreement and the Second Profit Transfer Agreement, it is expected that the Capitalisation would contribute positively to the Group's financial performance.

Net asset value

According to the 2007 annual report of the Company, the audited consolidated net asset of the Group (excluding minority interests) were approximately HK$1,759.6 million as at 31 March 2007. As set out in Appendix IV to the Circular, the unaudited pro forma consolidated net asset value of the Enlarged Group (excluding minority interests) upon Completion would be approximately HK$6,220.0 million, representing an increase of approximately 253.5%.

Working capital and gearing

Considering that (i) the sum of HK$50,000,000 of the Loan in relation to the Capitalisation is financed by the placing of new shares for the fund raising of the Loan as announced by the Company on 5 November 2007; and (ii) upon Completion, the amount of loan receivable due from Ace High of HK$1.9 billion will then be due from AMA with respect to the consolidation of the financial results of Ace High into the financial results of the Group, we therefore consider that there is no material effect on the working capital and gearing of the Group regarding the Capitalisation.

Having considered the above, we are of the view that the overall financial effects of the Capitalisation are positive and hence the Capitalisation is in the interests of the Company and the Shareholders as a whole.

3. Continuing Connected Transaction

(i) Background of and reasons for the Continuing Connected Transaction

Immediately after completion of the Capitalisation, Ace High will become a subsidiary of the Company.

On 10 September 2007, Ace High and AMA entered into the First Profit Transfer Agreement, pursuant to which, Ace High has agreed to grant a loan facility up to the maximum aggregate amount of HK$3 billion (or such other amount as may be agreed by the parties thereto in writing) for the operating capital of AMA that will be needed to develop the junket business under the Gaming Promotion Agreement and in return AMA has agreed to transfer all Profits to Ace High. The loan facility provided by Ace High to AMA under the First Profit Transfer Agreement is revolving in nature.

The First Profit Transfer Agreement was entered into based on the authorization letter issued by DICJ, the relevant Macau gaming authority, which must be renewed every year by DICJ, the relevant Macau gaming authority. To the best of the Directors' knowledge, as at the Latest Practicable Date, the renewal of the First Profit Transfer Agreement was in progress and after seeking preliminary legal advices from the Macau legal advisers, the Board believes that there would be no legal difficulties in obtaining such renewal.

On 29 April 2008, a supplemental agreement was entered into between the relevant parties such that the term of the First Profit Transfer Agreement will be fixed to three years and may be renewed at the discretion of Ace High thereafter. The supplemental agreement has been approved by DICJ, the relevant Macau authority. Save as disclosed herein, there is no change to the other material terms of the First Profit Transfer Agreement after the entering into of the supplemental agreement.

Immediately after completion of the Capitalisation, the provision of operating capital by Ace High to AMA to develop the junket business under the First Profit Transfer Agreement will constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

In order to carry out the junket business as mentioned in the paragraph headed "Operating mechanism of junket business by AMA" above, AMA requires financial support in a large scale for its business activities. Moreover, Ace High is a special purpose company to finance the business of AMA; hence the provision of operating capital by Ace High to AMA falls in the ordinary and usual course of business of Ace High. In return to the contribution from Ace High, AMA has agreed to transfer all Profits to Ace High under the First Profit Transfer Agreement. Given that (i) AMA will not be able to operate without the financing from Ace High; (ii) AMA had recorded promising result since the commencement of its junket business pursuant to the Gaming Promotion Agreement on 15 December 2007 that AMA recorded an aggregate unaudited rolling chip turnover of approximately HK$139.2 billion for the period between 15 December 2007 and 31 March 2008; and (iii) AMA has agreed to transfer all Profits to Ace High under the First Profit

Transfer Agreement, we are of the view that the entering into the First Profit Transfer Agreement and the Continuing Connected Transaction is in the interests of the Company and the Shareholders as a whole.

(ii) Annual cap of the Continuing Connected Transaction

The First Profit Transfer Agreement was originally entered into between Ace High and AMA on 10 September 2007. Pursuant to the First Profit Transfer Agreement, Ace High has agreed to grant a loan facility up to the maximum aggregate amount of HK$3 billion (or such other amount as may be agreed by the parties thereto in writing) for the operating capital of AMA that will be needed to develop the junket business under the Gaming Promotion Agreement and in return AMA has agreed to transfer all Profits to Ace High. Accordingly, the annual cap of the Continuing Connected Transaction should be HK$3 billion pursuant to Rule 14A.35(2) of the Listing Rules.

With reference to the circular and announcement of the Company dated 5 November 2007 and 10 December 2007, the Company estimates that the operating capital required for AMA to operate the planned 100 VIP gaming tables will be approximately HK$2 billion for the purchase of non-negotiable chips from the relevant gaming operator, the prepayment of commissions of the collaborators and meet unexpected increase in business. As such, the Company and Ace High signed a confirmation letter on 4 December 2007 to vary the maximum amount of the Loan under the Loan Agreement from up to HK$3 billion to up to HK$2 billion (or such other amount as the parties may agree in writing). On 14 December 2007, Ace High made a drawing of HK$1.9 billion under the Loan Agreement.

We have discussed with the management of the Company regarding the reason for the difference between the annual cap of the Continuing Connected Transaction amounting HK$3 billion and the existing loan amounting HK$1.9 billion and were advised that the difference is mainly attributable to possible funds to purchase the non-negotiable chips from the Gaming Operator. As stated in the Letter from the Board, AMA will arrange to use its own funds to purchase the non-negotiable chips from the Gaming Operator under the Gaming Promotion Agreement for resale to the collaborators. In the event that the gaming players introduced and brought by the collaborators required a large amount of the non-negotiable chips for betting, or the collaborators ask for additional non-negotiable chips from AMA for betting by the gaming players, a buffer is required by AMA to finance the purchase of non-negotiable chips. We consider that such buffer is required so as to cope with the possible business expansion of AMA. In addition, as disclosed in the circular of the Company dated 5 November 2007, the aggregate Minimum Turnover under the Gaming Intermediary Agreements is approximately HK$77.4 billion each month, represents average of approximately HK$2.58 billion each day (based on 30 days per month). We consider the annual cap of HK$3 billion is justifiable if such Minimum Turnover is reached by the collaborators. Moreover, as advised by the Company, Ace High may reinvest the Profits in the form of additional loan to AMA and the Company may also provide additional funds to Ace High which will used to on-lend to AMA. Based on the above, we are of the view that the buffer included in the annual cap offers greater flexibility to the Group and are justifiable and thus we consider the annual cap is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

(iii) Control of flow of funds relating AMA

Pursuant to the First Profit Transfer Agreement, the following are the major provisions required to be taken by AMA so as to protect the interest of Ace High:

– AMA's obligations under the First Profit Transfer Agreement shall rank in priority to all other obligations of AMA except for obligations accorded preference by mandatory provisions of applicable law;

– AMA shall punctually pay all sums due from it and otherwise comply with its obligations under the First Profit Transfer Agreement;

– AMA shall keep full and adequate books of account and other records reflecting the results of its operation on an accrual basis in local currency in accordance with the applicable requirements of the laws of Macau. The books of account and all other records of AMA (including the monthly junket representative settlement forms signed off by the casinos from time to time) shall be available to Ace High or its duly authorized representatives for examination, audit, inspection and transcription without any restriction; and

– Ace High shall be entitled to appoint representatives to attend the settlements of commission between the casinos and AMA and review the junket representative settlement form, AMA shall be obliged to make all necessary arrangement with other parties accordingly.

In addition, pursuant to the Loan Agreement, the books of account and all other records of Ace High and AMA (including the monthly junket representative settlement forms signed off by the casinos from time to time) shall be available to the Company or its duly authorized representatives for examination, audit, inspection and transcription without any restriction. As such, the Company will be fully aware of the financial and business positions of AMA and Ace High. The Company will also procure Ace High to arrange representative of the Company to be joint signatory to the bank accounts of AMA and Ace High respectively such that the Company will have sufficient control of the funds of AMA and Ace High respectively.

Taking into account the above measures, we are of the view that the Company will take appropriate measures governing the fund flow relating to AMA and Ace High, thereby safeguarding the interests of the Company and the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the Capitalisation and the Continuing Connected Transaction is in the ordinary and usual course of business of the Group and the terms of the Capitalisation and the Continuing Connected Transaction are on normal commercial terms. Moreover, we are of the opinion that the terms of the Capitalisation and the Continuing Connected Transaction are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, we would advise the Independent Board Committee to recommend the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the ordinary resolution(s) in respect of approving the Capitalisation and the Continuing Connected Transaction at the SGM.

Yours faithfully,
For and on behalf of
Hantec Capital Limited
Robert Siu
Director

GRANT SHERMAN APPRAISAL LIMITED

16 May 2008

A-Max Holdings Limited
Room 3043A Diamond Square
3/F Shun Tak Centre
200 Connaught Road Central
Hong Kong

Dear Sirs or Madams,

In accordance with your instructions, we have made an appraisal of the fair market value of a loan agreement between Ace High Group Limited ("Ace High") and AMA International Limited ("AMA") on 23 August 2007 (the "Loan Agreement"). According to the initial loan agreement, A-Max Holdings Limited ("A-Max" or the "Company") agreed to provide a term loan facility of up to HK$3 billion ("Loan") to Ace High which in turn would on-lend the same amount to AMA to operate the junket business in Macau. On 4 December 2007, Ace High and A-Max signed a confirmation letter to vary the maximum amount of the Loan under the Loan Agreement from up to HK$3 billion to up to HK$2 billion (or such other amount as the parties may agree in writing). Under some profit transfer agreements, Ace High can participate in 80% of the profits generated by AMA.

This letter identifies the financial instrument appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. Excluded from this appraisal are all tangible and intangible assets, current liabilities or any other financial instruments that may exist.

The purpose of this appraisal is to express an independent opinion of the fair market value of the Loan Agreement as of 31 January 2008 (the "Appraisal Date"). It is our understanding that this appraisal will be used for incorporation in a public document to be issued to the shareholders of the Company.

INTRODUCTION

A-Max

The Company was incorporated in Bermuda with limited liability whose shares are listed on The Stock Exchange of Hong Kong Limited. The principal business of A-Max included involvement in the gaming and entertainment business in Macau and the manufacturing of LCD products.

Gaming and Entertainment Business

Following the completion of the acquisition of 49.9 per cent equity interest in Greek Mythology on 28 March 2006, A-Max and its subsidiaries will fully participate in Macau's gaming and entertainment sector.

During the year ended 31 March 2007, Greek Mythology achieved an EBITDA of HK$322.2 million. Despite the figure was below the record of last financial year, the management considers it a good start in a fast changing gaming market of Macau.

Focusing on the new operating environment, the Group has been actively identifying investment opportunities to broaden its revenue base and market share. One of the milestones was the successful expansion of its operation into the VIP gaming market through engagement in the high-rolling gaming business since March 2007.

Manufacturing of LCD products

The group also engages in the manufacturing of LCD products. The manufacturing business reported a 26.2% decrease in turnover (including both continuing and discontinued operations) after discontinuation of the low-margin consumer products business. In future, the Group intends to focus only on the higher-margin LCD products business. During the year ended 31 March 2007, the Group disposed of its factory property for HK$50.0 million and recorded a profit of HK$14.1 million. Subsequent to the year end, the disposal of the consumer products subsidiary company also recorded a profit of approximately HK$13.0 million, which will be recorded in the financial year ended 31 March 2008.

The Loan Agreement

According to the Loan Agreement, Ace High agreed to provide a term loan facility of up to HK$3 billion ("Loan") to AMA to operate the junket business in Macau. On 4 December 2007, pursuant to a confirmation letter, the maximum amount of the Loan under the Loan Agreement was varied from up to HK$3 billion to up to HK$2 billion (or such other amount as the parties may agree in writing).

The Loan Agreement, together with some profit transfer agreements, entitled Ace High to participate in 80% of the profits generated by AMA.

Profit Transfer Agreement

On 10 September 2007, Ace High and AMA entered into a profit transfer agreement ("First Profit Transfer Agreement"). Pursuant to the First Profit Transfer Agreement, Ace High has agreed to grant a loan facility up to the maximum aggregate amount of HK$3 billion (or such other amount as agreed by both parties in writing) for the operating capital of AMA that will be need to develop the junket business and in return AMA has agreed to transfer the profits to Ace High and such profits will be generated by AMA from the junket business under the gaming promotion agreement entered into, inter alia, between AMA and the Gaming Operator ("Gaming Promotion Agreement") which represent the aggregate commissions and bonuses which range from 1.2% to 1.35% of the non-negotiable chips sold by Melco PBL Gaming (Macau) Limited, a licensed gaming operator in Macau (the "Gaming Operator") to AMA to facilitate the gaming players introduced and brought by AMA and/or its collaborators to play at the casino operated by the Gaming Operator less the non-negotiable chips returned by AMA to the Gaming Operator (the "Profits"). Following the First Profit Transfer Agreement, Ace High and Mr. Francisco Xavier Albino ("Mr. Albino") made another profit transfer agreement relating to the transfer of 20% of the Profits by Ace High to Mr. Albino or the company nominated by him (the "Second Profit Transfer Agreement").

Ace High

Ace High is engaged in financing the business of AMA through the Loan Agreement and the profit sharing agreements as stated below.

On 14 December 2007, Ace High made a drawing of HK$1.9 billion under the Loan Agreement to AMA which started its junket business on 15 December 2007 pursuant to the gaming promotion agreement entered into, inter alia, between AMA and the Gaming Operator ("Gaming Promotion Agreement"), and started generating turnover and profit pursuant to the First Profit Transfer Agreement and Second Profit Transfer Agreement (the "Profit Sharing Agreements").

The principal asset of Ace High is its rights and interests of and in the First Profit Transfer Agreement. According to the unaudited management accounts of Ace High made up to 14 December 2007, the latest accounts of Ace High available as at the date of this announcement, the only asset of Ace High is the loan receivable from AMA of HK$1.9 billion.

Since the commencement of its junket business pursuant to the Gaming Promotion Agreement on 15 December 2007, AMA had recorded an unaudited rolling chip turnover of approximately HK$16 billion for the period between 15 December 2007 and 31 December 2007, and approximately HK$40 billion for the calendar month ended 31 January 2008. There is profit of approximately HK$40 million recorded in the unaudited management accounts of Ace High for the period commencing from 15 December 2007 to 31 January 2008.

AMA

AMA is the holder of a junket license to carry on the junket business in Macau. It specializes in introducing gaming players to the high roller gaming areas in casinos in Macau. Mr. Albino was the sole owner of the entire interests in AMA prior to the transfer.

On 31 December 2007, the transfer of 96% of equity interests of AMA from Mr. Albino to Ms. Chen Mei Huan was completed in accordance with the laws of Macau.

As at 31 January 2008, Mr. Albino is the sole owner of the entire issued share capital of Ace High. AMA and Ace High have entered into the First Profit Transfer Agreement whereby Ace High has agreed to provide for an indefinite term all the operating capital of AMA that will be needed to develop the junket business under the Gaming Promotion Agreement, and AMA in return has agreed to transfer all the Profits to Ace High. Ace High and Mr. Albino have entered into the Second Profit Transfer Agreement whereby 20% of the Profits received by Ace High from time to time will be transferred to Mr. Albino or a company nominated by him. Ultimately, only 80% of the profits will be retained by Ace High in summing the First and Second Profit Transfer Agreement. Mr. Albino has nominated Ms. Chen to receive such 20% of the Profits.

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the Loan Agreement on the basis of fair market value. Fair market value is defined as the estimated amount at which a property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts. The fair market value of the Loan Agreement can be derived by summation of all future economic benefits to be entitled by Ace High in the profits generated by AMA.

Our investigation included a review of Ace High and AMA's statutory documents, historical financial information, projected operating results, as well as other relevant documents. We have assumed that the data, information, opinions and representation provided to us by the Management in the course of the valuation are true and accurate. Before arriving at our opinion of value, we have considered the following principal factors:

– The business nature of Ace High and AMA;

– The financial condition of Ace High and AMA and their book values;

– The specific economic and competitive elements affecting AMA's business, its industry and its markets;

– The nature and prospect of the Macau gaming business;

– The potential of the target markets to be served;

– Past operating results;

– Appropriate rates of return as indicated by alternative investment opportunities of comparable magnitude, character and risk;

– Extent, utility and capacity of the plant, property, machinery and equipment utilized by the business; and

– The business risks of AMA and inherent uncertainties involved in its operation.

Due to the changing environment in which Ace High and AMA are operating, a number of assumptions have to be established in order to sufficiently support our concluded value of Loan Agreement. The major assumptions adopted in this appraisal are:

– There will be no major changes in the existing political, legal, fiscal and economic conditions in Macau in which Ace High and AMA carry on their business;

– There will be no major changes in the current taxation law in Macau, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

– Exchange rates and interest rates will not differ materially from those presently prevailing;

– The availability of finance will not be a constraint on the forecasted growth of AMA's operations;

– AMA will successfully maintain its competitiveness and market share through optimizing the utilization of its capacity and expanding its marketing network;

– AMA can keep abreast of the latest development of the industry such that the competitiveness and profitability of Ace High can be sustained;

– AMA will utilize and maintain its current operational, administrative and technical facilities to expand and increase its sales;

– AMA will be able to sustain its current level of rolling turnover of HK$40 billion per month in the long run;

– AMA will maintain the same level of commission rate on the rolling turnover recorded by junkets;

– The HK$1.9 billion loan is used for the operating cash flow of the junket business which will last for the infinite life of the business;

– The First Profit Transfer Agreement and the Second Profit Transfer Agreement can be successfully renewed and there is no limit on the life of such agreements;

– Ace High and AMA will be able to secure funds to repay its debts when they fall due;

– Ace High and AMA will retain and have competent management, key personnel, and technical staff to support its ongoing operations; and

– Industry trends and market conditions for related industries will not deviate materially from economic forecasts.

We were furnished, for the purpose of this appraisal, with audited/unaudited financial data as well as other records and documents. We have reviewed and examined the financial information and have no reason to doubt the truth and accuracy of the information contained therein. We have also consulted public sources of financial and business information to supplement the information provided by the Management. In arriving at our opinion of value, we have relied to a very considerable extent on the above-mentioned information.

VALUATION METHODOLOGY

The fair market value of the Loan Agreement will be derived from the economic benefit to be generated by it. The value generated from the Loan Agreement has been developed through the application of the income capitalization approach. In the income capitalization approach, we relied on the **Gordon Growth Model** to estimate the value of the Loan Agreement.

The formula of Gordon Growth Model adopted in this appraisal is shown as below:

$$PV = E_0(1+g) / (k-g) \qquad \text{OR} \qquad PV = E_1 / (k-g)$$

Where:

Where:	PV	=	Present value
	E_0	=	Annualized historical economic income immediately before Appraisal Date (Note: Income based on the historical financial performance of AMA during the period from 15 December 2007 to 31 January 2008)
	E_1	=	Expected economic income in the full year period immediately after the appraisal date
	k	=	Discount rate
	g	=	Long-term growth rate of E, annually compounded in perpetuity

In this appraisal, we annualized the historical economic income of AMA during the period from 15 December 2007 to 31 January 2008 to arrive at the value of E_0.

A discount rate represents the total expected rate of return that an investor would demand on the purchase price of the economic benefits in an asset given the level of risk inherent in that asset. When developing a discount rate to apply to the cash flow streams attributable to the Loan Agreement, the discount rate is the cost of equity.

The cost of equity was developed through the application of the Capital Asset Pricing Model ("CAPM"). The CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated to the risk in the return from the stock market as a whole are referred to as systematic and measured by a parameter called beta, whereas other risks are referred to as nonsystematic.

The discount rate adopted in our appraisal of the Loan Agreement was generated from the sum of:

(1) Equity risk premium was developed from the CAPM (i.e. 10.67%). We have adopted the market data from five comparable listed companies as our basis for generating the equity risk premium (Stock Code: 200 HK, 296 HK and 27 HK, LVS US, WYNN US);

(2) Small size premium (5.82%) (Source: 2008 Ibbotson SBBI Valuation Yearbook);

(3) Intangible risk premium of 2.00% is required to reflect the generally higher level of risk involved for an intangible asset which would lead to a higher required rate of return; and

(4) Start-up risk premium of 1.00% is deemed to be necessary to reflect the additional risk involved for a newly established operation without long-established track record regarding its operating results. However, we consider that the start-up risk is not great after considering the fact that AMA has already achieved the targeted rolling monthly turnover of HK$40 billion before the Appraisal Date.

We concluded that the appropriate discount rate applied for this appraisal as at the Appraisal Date was 19.49 per cent.

On the other hand, the growth rate of expected income (g) is assumed to be 8%, which is close to long term industry growth rate. We consider that such level of growth rate is appropriate for the case of the underlying business of AMA in view of the high market growth rate in Macau.

CONCLUSION OF VALUE

Based on the above investigation and analysis, it is our opinion that the fair market value of the Loan Agreement as of 31 January 2008, is reasonably stated by the amount of **HONG KONG DOLLAR FOUR BILLION THREE HUNDRED SEVENTY MILLION (HK$4,370,000,000) ONLY**.

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We have not investigated the title to or any liabilities against the property appraised. We hereby certify that we have neither present nor prospective interests in the Company, Ace High, AMA or the value reported.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED

Keith C.C. Yan, ASA
Managing Director

Kelvin C.H. Chan, FCCA, CFA
Associate Director

Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Business Valuation) and he has been conducting business valuation of various industries, including computer software, in the Greater China region for various purposes since 1988. Mr. Kelvin C.H. Chan is a CFA Charterholder and a fellow member of the Association of Chartered Certified Accountants. He has been working in the financial industry since 1996, with experiences covering the area of corporate banking, equity analysis and business valuation.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

An unqualified opinion in respect of the audit of the financial statements of the Group has been issued for each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007. A summary of the audited results, assets and liabilities of the Group as extracted from the annual reports of the Company is set out below.

RESULTS

	Year ended 31 March		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
TURNOVER	65,586	81,035	101,144
(LOSS)/PROFIT BEFORE TAXATION	(118,693)	112,942	(46,147)
INCOME TAX	(7)	–	–
(LOSS)/PROFIT FOR THE YEAR	(118,700)	112,942	(46,147)

ASSETS AND LIABILITIES

	At 31 March		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
TOTAL ASSETS	2,647,790	2,595,705	1,414,154
TOTAL LIABILITIES	(887,874)	(817,720)	(61,942)
SHAREHOLDERS' FUNDS	1,759,916	1,777,985	1,352,212

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP

The following is the audited financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 31 March 2007.

Consolidated Income Statement

For the year ended 31 March 2007 (Expressed in Hong Kong Dollars)

	Note	**2007** *HK$'000*	**2006** *HK$'000* (restated)
Continuing operations			
Turnover	*3, 14*	65,326	60,971
Cost of sales		(57,310)	(94,368)
Gross profit/(loss)		8,016	(33,397)
Other revenue	*4*	1,154	1,912
Gain on disposal of property, plant and equipment		13	–
Selling and distribution expenses		(4,032)	(2,244)
General and administrative expenses		(28,434)	(14,145)
Reduction in provision for other payables		9,184	1,600
Loss from operations	*5*	(14,099)	(46,274)
Finance costs	*6*	(53,054)	(1,225)
Excess of fair value of net assets acquired over the cost of acquisition of an associate		–	178,800
Share of (loss)/profit of an associate			
Share of operating profit of an associate		120,402	3,251
Share of amortisation of intangible asset of an associate		(178,075)	(1,949)
		(57,673)	1,302
Gain on disposal of subsidiaries		14,123	–
(Loss)/profit before taxation		(110,703)	132,603
Income tax	*7*	(7)	–
(Loss)/profit for the year from continuing operations		(110,710)	132,603
Discontinued operation			
Loss for the year from discontinued operation	*10(a)*	(7,990)	(19,661)
(Loss)/profit for the year		(118,700)	112,942

	Note	2007 *HK$'000*	2006 *HK$'000* (restated)
Attributable to:			
Equity shareholders of the Company	*12, 26(a)*	(118,659)	112,942
Minority interests	*26(a)*	(41)	–
(Loss)/profit for the year	*26(a)*	(118,700)	112,942
(Loss)/earnings per share – basic	*13(a)*		
From continuing and discontinued operations		HK(1.63) cents	HK3.01 cents
From continuing operations		HK(1.52) cents	HK3.53 cents
From discontinued operation		HK(0.11) cents	HK(0.52) cents
(Loss)/earnings per share – diluted	*13(b)*		
From continuing and discontinued operations		N/A	HK1.52 cents
From continuing operations		N/A	HK1.78 cents
From discontinued operation		N/A	HK(0.26) cents

The notes on pages 26 to 53 form part of these financial statements.

Consolidated Balance Sheet

As at 31 March 2007 (Expressed in Hong Kong Dollars)

		2007		2006	
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets	*15*				
– Property, plant and equipment			17,876		58,543
– Interests in leasehold land held for own use under operating leases			–		4,539
			17,876		63,082
Intangible assets	*16*		67,821		–
Interest in an associate	*18*		2,454,597		2,512,270
			2,540,294		2,575,352
Current assets					
Inventories	*19*	5,540		9,157	
Trade and other receivables	*20*	44,199		6,470	
Cash and cash equivalents	*21*	57,757		4,726	
		107,496		20,353	
Current liabilities					
Trade and other payables	*22*	(42,004)		(22,239)	
Income tax payable		(7)		–	
		(42,011)		(22,239)	
Net current assets/(liabilities)			65,485		(1,886)
Total assets less current liabilities			2,605,779		2,573,466
Non-current liabilities					
Borrowings	*23*	(53,985)		(52,969)	
Convertible notes	*24*	–		(2,435)	
Promissory notes	*25*	(791,878)		(740,077)	
			(845,863)		(795,481)
NET ASSETS			1,759,916		1,777,985

		2007		2006	
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CAPITAL AND RESERVES	*26(a)*				
Share capital			11,205		4,825
Reserves			1,748,384		1,773,160
Total equity attributable to equity shareholders of the Company			1,759,589		1,777,985
Minority interests			327		–
TOTAL EQUITY			1,759,916		1,777,985

Approved and authorised for issue by the Board of Directors on 30 July 2007.

Cheung Nam Chung, Brian
Chairman

Wan Kam Shing, Claude
Director

The notes on pages 26 to 83 form part of these financial statements.

Balance Sheet

As at 31 March 2007 (Expressed in Hong Kong Dollars)

		2007		2006	
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets	*15*		3,766		2,747
Investments in subsidiaries	*17*		68,790		18
Interest in an associate	*18*		2,332,479		2,332,168
			2,405,035		2,334,933
Current assets					
Trade and other receivables	*20*	43,978		353	
Cash and cash equivalents	*21*	48,971		3,585	
		92,949		3,938	
Current liabilities					
Trade and other payables	*22*	(72,376)		(3,099)	
Net current assets			20,573		839
Total assets less current liabilities			2,425,608		2,335,772
Non-current liabilities					
Borrowings	*23*	(10,000)		(13,900)	
Convertible notes	*24*	–		(2,435)	
Promissory notes	*25*	(791,878)		(740,077)	
			(801,878)		(756,412)
NET ASSETS			1,623,730		1,579,360
CAPITAL AND RESERVES	*26(b)*				
Share capital			11,205		4,825
Reserves			1,612,525		1,574,535
TOTAL EQUITY			1,623,730		1,579,360

Approved and authorised for issue by the Board of Directors on 30 July 2007.

Cheung Nam Chung, Brian
Chairman

Wan Kam Shing, Claude
Director

The notes on pages 26 to 83 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007 (Expressed in Hong Kong Dollars)

	2007		2006	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total equity at 1 April		1,777,985		1,352,212
(Loss)/profit for the year		(118,700)		112,942
Capital contribution from a minority shareholder of a subsidiary		368		–
Movements in equity arising from capital transactions:				
Shares issued under the placing	100,393		–	
Shares issued under conversion of convertible notes	2,488		1,163	
Shares issued in respect of the acquisition of Greek Mythology	–		311,672	
Share issuance expenses	(2,618)		(4)	
		100,263		312,831
Total equity at 31 March		1,759,916		1,777,985

The notes on pages 26 to 83 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2007 (Expressed in Hong Kong Dollars)

		2007		2006	
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating activities					
Loss from operations					
– From continuing operations		(14,099)		(46,274)	
– From discontinued operation	*10(a)*	(6,934)		(18,819)	
		(21,033)		(65,093)	
Adjustments for:					
Interest income		(7)		(7)	
Dividend income from investments		–		(311)	
Depreciation of fixed assets		13,312		41,042	
Amortisation of land lease premium for property held for own use		86		104	
Amortisation of intangible assets		171		–	
Impairment loss for trade and other receivables		276		754	
Provision for slow-moving and obsolete inventories		2,206		2,030	
Foreign exchange loss/(gain)		1,470		(21)	
Gain on disposal of fixed assets		(13)		–	
Reduction in provision for other payables		(9,184)		(2,300)	
Operating loss before changes in working capital		(12,716)		(23,802)	
Decrease in inventories		1,411		2,732	
(Increase)/decrease in trade and other receivables		(38,005)		7,203	
Increase/(decrease) in trade and other payables		19,765		(3,787)	
Increase in accrued directors' emoluments		–		1,417	
Cash used in operations		(29,545)		(16,237)	
Tax paid		–		–	
Net cash used in operating activities			(29,545)		(16,237)

		2007		2006	
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Investing activities					
Payments for purchases of property, plant and equipment		(4,106)		(5,167)	
Proceeds from sale of subsidiaries	*29*	50,000		–	
Proceeds from sale of fixed assets		50		–	
Payments for acquisition of intangible assets		(67,992)		–	
Interest received		7		7	
Net cash used in investing activities			(22,041)		(5,160)
Financing activities					
Proceeds from other new loans		8,706		21,421	
Capital contribution from a minority shareholder of a subsidiary		368		–	
Proceeds from shares issued under the placing		100,393		–	
Payments for share issuance expenses		(2,618)		(4)	
Interest paid		(2,257)		(1,388)	
Net cash generated from financing activities			104,592		20,029
Net increase/(decrease) in cash and cash equivalents			53,006		(1,368)
Cash and cash equivalents at 1 April			4,726		6,072
Effect of foreign exchange rate changes			25		22
Cash and cash equivalents at 31 March	*21*		57,757		4,726

The notes on pages 26 to 83 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2007

1. INFORMATION OF REPORTING ENTITY

A-Max Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Group is principally engaged in manufacturing and trading of LCD and LCD modules (together "LCD products") and gaming operations. The Group's manufacturing and trading of electronic consumer products ("LCD consumer products") was discontinued during the year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies applied in these financial statements and has no significant impact on the results or the financial position of the Group and the Company for current and previous accounting periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 38).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2007 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 37.

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale.

(d) Associate

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in the associate recognised for the year (see notes 2(e) and (j)).

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, its interest in the associate is stated at cost less impairment losses (see note 2(j)), unless it is classified as held for sale.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(j)). In respect of the associate, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an interest in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(j)):

– buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(h)); and

– other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(u)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

– Leasehold improvements	Over the shorter of the lease terms or 5 years
– Plant and machinery	5 years
– Furniture and equipment	5 years
– Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets (other than goodwill)

Intangible assets that acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Gaming operation rights	14 years

Both period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss 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. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(j)).

(j) Impairment of assets

(i) Impairment of financial assets

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) Impairment of other assets

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

– property, plant and equipment;

– pre-paid interests in leasehold land classified as being held under an operating lease;

– intangible assets; and

– investments in subsidiaries and associate.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– 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).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– 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 an impairment loss 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 profit or loss in the year in which the reversals are recognised.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fee payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) 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 the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution plans

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

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(q) Income tax

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 profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

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.

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 assets 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 difference 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 limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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 a 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 profits 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 profits will be available.

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 the Company or the Group 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, the Company or the Group 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 settle simultaneously.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company 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 expenditure 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.

(s) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Gaming operations

Revenue from gaming operations, representing the net gaming wins, is recognised when the relevant services have been rendered and is measured at the entitlement of economic inflow of the Group from the business.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(iv) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

Interest income recognised as it accrues using the effective interest method.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(u) Borrowing costs

Borrowing costs are expensed in profit or loss 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 is 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 complete.

(v) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(x) 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.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

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. For example, segment assets may include inventories, trade receivables and property, plant and equipment. 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 entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

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

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

3. TURNOVER

An analysis of the Group's turnover is as follows:

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Sales of LCD products	59,580	60,971
Revenue from gaming operations	1,131	–
Revenue from sales of travel packages	4,615	–
	65,326	60,971
Discontinued operation (note 10):		
Sales of LCD consumer products	260	20,064
	65,586	81,035

4. OTHER REVENUE

An analysis of the Group's other revenue is as follows:

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Interest income from banks	6	4
Dividend income from unlisted equity securities	–	311
Rental income	944	526
Refund of export tax paid	174	1,020
Sundry income	30	51
	1,154	1,912
Discontinued operation (note 10):		
Interest income from banks	1	3
Sundry income	185	7
	186	10
	1,340	1,922

5. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting):

	2007 *HK$'000*	2006 *HK$'000*
(a) Staff costs (including directors' remuneration):		
Continuing operations:		
Contributions to defined contribution retirement plans	253	226
Salaries, wages and other benefits	13,859	15,478
	14,112	15,704
Discontinued operation (note 10):		
Contributions to defined contribution retirement plans	6	88
Salaries, wages and other benefits	63	6,808
	69	6,896
	14,181	22,600
(b) Other items:		
Continuing operations:		
Amortisation of land lease premium	86	104
Depreciation of property, plant and equipment	7,484	33,344
Amortisation of intangible assets	171	–
Impairment loss on trade and other receivables	271	450
Provision for slow-moving and obsolete inventories	2,206	530
Gain on disposal of property, plant and equipment	(13)	–
Net foreign exchange loss	1,353	353
Auditors' remuneration	500	300
Operating lease rentals:		
– property rentals	405	635
– hire of equipment	6	–
Cost of inventories	57,310	94,368
Discontinued operation (note 10):		
Depreciation of property, plant and equipment	5,828	7,698
Impairment loss on trade and other receivables	5	304
Provision for slow-moving and obsolete inventories	–	1,500
Net foreign exchange loss	948	42
Operating lease rentals in respect of premises	–	480
Cost of inventories	391	26,572

6. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	1,201	546
Interest on convertible notes	52	112
Interest on promissory notes	51,801	567
	53,054	1,225
Discontinued operation (note 10):		
Interest on borrowings wholly repayable within five years	1,056	842
	54,110	2,067

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Continuing operations

(i) Income tax in the consolidated income statement represents

	2007	2006
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
Provision for the year	7	–

The provision for Hong Kong profits tax for the year ended 31 March 2007 is calculated at 17.5% of the estimated assessable profits for the year.

No provision for overseas income tax has been made as the companies comprising the continuing operations have no estimated assessable profits for the year ended 31 March 2007.

No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the continuing operations have no estimated assessable profits for the year ended 31 March 2006.

(ii) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rate:

	2007	2006
	HK$'000	*HK$'000*
(Loss)/profit before taxation	(110,703)	132,603
Notional tax on (loss)/profit before taxation, calculated at the tax rate of 17.5%	(19,373)	23,206
Tax effect of expenses that are not deductible in determining taxable profit	26,927	6,400
Tax effect of income that are not assessable in determining taxable profit	(10,819)	(32,071)
Tax effect of net deferred tax assets not recognised	3,272	2,465
Actual tax expense	7	–

(b) Discontinued operation (note 10)

(i) No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the discontinued operation have no estimated assessable profits during the years ended 31 March 2007 and 2006.

(ii) Reconciliation between tax expense and accounting loss at applicable tax rate:

	2007	**2006**
	HK$'000	*HK$'000*
Loss before taxation	(7,990)	(19,661)
Notional tax on loss before taxation, calculated at the tax rate of 17.5%	(1,398)	(3,441)
Tax effect of expenses that are not deductible in determining taxable profit	282	1,100
Tax effect of income that are not assessable in determining taxable profit	–	(13)
Tax effect of net deferred tax assets not recognised	1,116	2,354
Actual tax expense	–	–

(c) Deferred taxation not recognised

There was no material unprovided deferred taxation. The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$91.0 million (2006: HK$75.3 million) at 31 March 2007 as it is not probable that future taxable profits against which tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

8. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows

For the year ended 31 March 2007

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Mr. Cheung Nam Chung, Brian *(Note 4)*	–	507	9	516
Mr. Lam Cheok Va, Francis *(Note 1)*	–	240	–	240
Mr. Chan Chi Yuen *(Note 1)*	–	570	12	582
Ms. Li Wing Sze *(Note 4)*	–	190	8	198
Mr. Chen Zhiquan *(Note 3)*	–	78	–	78
Mr. Lee Keung Shing *(Note 3)*	–	78	–	78
Mr. Chan King Ming *(Note 10)*	–	420	5	425
Mr. Chan Chi Wan *(Note 7)*	–	23	–	23
Mr. Wong Kin Kwok *(Note 7)*	–	23	1	24
Mr. Siu Ting Cheong, Robert *(Note 8)*	–	600	7	607
Independent non-executive directors				
Mr. Chan Chiu Hung, Alex *(Note 2)*	96	–	–	96
Mr. Lee Tsz Hong *(Note 5)*	69	–	–	69
Mr. Ng Wai Hung, Raymond	96	–	–	96
Mr. Cham Yiu Leung *(Note 6)*	27	–	–	27
	288	2,729	42	3,059

For the year ended 31 March 2006

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Mr. Chan King Ming *(Note 10)*	–	871	8	879
Mr. Lam Cheok Va, Francis *(Note 1)*	–	145	–	145
Mr. Chan Chi Yuen *(Note 1)*	–	435	8	443
Ms. Ng Wai Fong, Wendy *(Note 9)*	–	478	5	483
Ms. Leung Kwai Hing *(Note 9)*	–	477	5	482
Ms. Kam Shuk Ling *(Note 9)*	–	477	5	482
Mr. Lam Yiu Man, Lewis *(Note 9)*	–	388	5	393
Ms. Ching Mei Yee *(Note 9)*	–	140	5	145
Independent non-executive directors				
Mr. Chan Chiu Hung, Alex *(Note 2)*	44	–	–	44
Mr. Ng Wai Hung, Raymond	91	–	–	91
Mr. Cham Yiu Leung *(Note 6)*	58	–	–	58
Mr. Wong Chi Keung *(Note 9)*	48	–	–	48
Mr. Yuen Xiaoxin *(Note 9)*	30	–	–	30
	271	3,411	41	3,723

There were no amounts paid during the years ended 31 March 2007 and 2006 to the directors in connection with their retirement from employment with the Group, or an inducement to join. Other than Ms. Ng Wai Fong, Ms. Leung Kwai Hing and Ms. Kam Shuk Ling agreed to waive their remuneration of approximately HK$3,062,000, HK$3,061,000 and HK$3,061,000, respectively, in respect of the period up to 24 August 2005 (date of their retirement) during the year ended 31 March 2007, there was no arrangement under which a director of the Company waived or agreed to waive any remuneration during the years ended 31 March 2007 and 2006.

Notes:

1. Appointed on 24 August 2005.

2. Appointed on 17 October 2005.

3. Appointed on 8 June 2006.

4. Appointed on 18 July 2006.

5. Appointed on 13 July 2006.

6. Appointed on 24 August 2005 and resigned on 13 July 2006.

7. Appointed on 8 June 2006 and retired on 5 September 2006.

8. Appointed on 18 July 2006 and resigned on 18 January 2007.

9. Retired on 24 August 2005.

10. Resigned on 1 September 2006.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2006: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other one (2006: two) individual is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries and other emoluments	678	1,250
Retirement scheme contributions	–	19
	678	1,269

The emoluments of the one (2006: two) individual with the highest emoluments are within the following band:

	2007	**2006**
	Number of individuals	*Number of individuals*
HK$		
Nil – 1,000,000	1	2

No emolument was paid during the years ended 31 March 2007 and 2006 by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

10. DISCONTINUED OPERATION

The Group's manufacturing and trading of LCD consumer products was discontinued during the year.

(a) The results of the discontinued operation for the years ended 31 March 2007 and 2006 were as follows:

	Note	2007 HK$'000	2006 HK$'000
Turnover	3, 14	260	20,064
Cost of sales		(391)	(26,572)
Gross loss		(131)	(6,508)
Other revenue	4	186	10
Selling and distribution expenses		(2)	(1,033)
General and administrative expenses		(6,987)	(11,988)
Reduction in provision for other payables		–	700
Loss from operations	5	(6,934)	(18,819)
Finance costs	6	(1,056)	(842)
Loss before taxation		(7,990)	(19,661)
Income tax	7	–	–
Loss for the year		(7,990)	(19,661)

(b) The net cash flows of the discontinued operation for the years ended 31 March 2007 and 2006 were as follows:

	2007 HK$'000	2006 HK$'000
Net cash outflow from operating activities	(472)	(9,848)
Net cash inflow/(outflow) from investing activities	1	(1,473)
Net cash inflow from financing activities	38	9,690
Net cash outflow incurred by the discontinued operation	(433)	(1,631)

11. 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$259,000 (2006: HK$314,000) represent 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.

12. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of approximately HK$55,893,000 (2006: HK$6,504,000) which has been dealt with in the financial statements of the Company.

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year, calculated as follows:

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company

	2007	**2006**
	HK$'000	*HK$'000*
Continuing operations	(110,669)	132,603
Discontinued operation *(Note 10)*	(7,990)	(19,661)
	(118,659)	112,942

(ii) Weighted average number of ordinary shares

	2007	**2006**
	'000	*'000*
Issued ordinary shares at 1 April	1,810,813	2,664,838
Effect of convertible notes exercised	5,165,139	1,073,928
Effect of shares issued under the placing	313,891	–
Effect of new shares issued in respect of the acquisition of an associate	–	11,778
Weighted average number of ordinary shares at 31 March	7,289,843	3,750,544

(b) Diluted (loss)/earnings per share

The diluted loss per share for the year ended 31 March 2007 is not presented as the Company's potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss per share from continuing operations.

The calculation of diluted (loss)/earnings per share for the year ended 31 March 2006 is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares, calculated as follows:

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company (diluted)

		2006	
	Continuing operations	**Discontinued operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
(Loss)/profit attributable to ordinary equity shareholders	132,603	(19,661)	112,942
After tax effect of effective interest on liability component of convertible notes	112	–	112
(Loss)/profit attributable to ordinary equity shareholders (diluted)	132,715	(19,661)	113,054

(ii) Weighted average number of ordinary shares (diluted)

	2006
	'000
Weighted average number of ordinary shares at 31 March	3,750,544
Effect of conversion of convertible notes	3,685,373
Weighted average number of ordinary shares (diluted) at 31 March	7,435,917

14. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

The Group comprises the following main business segments:

Continuing operations:

LCD products segment: the manufacturing and sales of LCD and LCD modules.

Gaming and entertainment segment: the promotion, client development, co-ordination and operation of gaming business.

Discontinued operation:

LCD consumer products segment: the manufacturing and sales of calculators and other electronic products.

For the year ended 31 March 2007

	Continuing operations			Discontinued operation		
	LCD products *HK$'000*	**Gaming and entertainment** *HK$'000*	**Sub-total** *HK$'000*	**LCD consumer products** *HK$'000*	**Inter-segment eliminations** *HK$'000*	**Total** *HK$'000*
Revenue						
Revenue from external customers	59,580	5,746	65,326	260	–	65,586
Inter-segment revenue*	3	–	3	–	(3)	–
Total	59,583	5,746	65,329	260	(3)	65,586
Results						
Segment results	(16,090)	1,934	(14,156)	(6,565)	–	(20,721)
Unallocated operating income and expenses			(9,127)	(369)		(9,496)
Reduction in provision for other payables			9,184	–		9,184
Loss from operations			(14,099)	(6,934)		(21,033)
Finance costs			(53,054)	(1,056)		(54,110)
Share of loss of the associate	–	(57,673)	(57,673)	–		(57,673)
Gain on disposal of subsidiaries			14,123	–		14,123
Taxation			(7)	–		(7)
Loss for the year			(110,710)	(7,990)		(118,700)

For the year ended 31 March 2006

	Continuing operations			Discontinued operation		
	LCD products	**Gaming and entertainment**	**Sub-total**	**LCD consumer products**	**Inter-segment eliminations**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Revenue from external customers	60,971	–	60,971	20,064	–	81,035
Inter-segment revenue*	1,234	–	1,234	214	(1,448)	–
Total	62,205	–	62,205	20,278	(1,448)	81,035
Results						
Segment results	(42,505)	311	(42,194)	(19,528)	(125)	(61,847)
Unallocated operating income and expenses			(5,680)	9	125	(5,546)
Reduction in provision for other payables			1,600	700		2,300
Loss from operations			(46,274)	(18,819)		(65,093)
Finance costs			(1,225)	(842)		(2,067)
Excess of fair value of net assets acquired over the cost of acquisition of an associate	–	178,800	178,800	–		178,800
Share of profit of the associate	–	1,302	1,302	–		1,302
Profit/(loss) for the year			132,603	(19,661)		112,942

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

As at 31 March 2007

	Continuing operations			Discontinued operation	
	LCD products	**Gaming and entertainment**	**Sub-total**	**LCD consumer products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	17,346	110,964	128,310	10,775	139,085
Interest in an associate		2,454,597			2,454,597
Unallocated assets					54,108
Total assets					2,647,790
Liabilities					
Segment liabilities	19,900	105	20,005	1,313	21,318
Unallocated liabilities					866,556
Total liabilities					887,874
Other segment information:					
Capital expenditure incurred during the year	653	69,825	70,478	–	
Depreciation and amortisation for the year	6,320	685	7,005	5,828	

As at 31 March 2006

	Continuing operations			Discontinued operation	
	LCD products	**Gaming and entertainment**	**Sub-total**	**LCD consumer products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	39,729	–	39,729	37,020	76,749
Interest in an associate		2,512,270			2,512,270
Unallocated assets					6,686
Total assets					2,595,705
Liabilities					
Segment liabilities	24,068	809	24,877	–	24,877
Unallocated liabilities					792,843
Total liabilities					817,720
Other segment information:					
Capital expenditure incurred during the year	690	1,051,182	1,051,872	1,488	
Depreciation and amortisation for the year	30,118	–	30,118	10,787	

(b) Geographical segments

In presenting information on the basis of the geographical segment, segment revenue is based on the geographical location of the customers. Segment assets and capital expenditure are based on the geographical location of the assets.

For the year ended 31 March 2007

	Hong Kong	Macau	The PRC (excluding Hong Kong and Macau)	Japan	South Korea	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue							
Revenue from external customers	38,588	1,131	5,805	3,280	13,861	2,661	65,326
Attributable to discontinued operation	–	–	260	–	–	–	260
Revenue from continuing operations	38,588	1,131	6,065	3,280	13,861	2,661	65,586
Segment assets							
– Continuing operations	18,049	2,562,584	2,273	–	–	–	2,582,906
– Discontinued operation	1,069	–	9,707	–	–	–	10,776
	19,118	2,562,584	11,980	–	–	–	2,593,682
– Unallocated assets							54,108
							2,647,790
Segment capital expenditure							
– Continuing operations	2,068	67,992	418	–	–	–	70,478
– Discontinued operation	–	–	–	–	–	–	–
	2,068	67,992	418	–	–	–	70,478
– Unallocated							1,620
							72,098

For the year ended 31 March 2006

	Hong Kong	Macau	The PRC (excluding Hong Kong and Macau)	Japan	South Korea	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue							
Revenue from continuing operations	28,288	–	13,434	2,838	14,041	2,370	60,971
Revenue from discontinued operation	12,715	–	1,979	4,842	–	528	20,064
	41,003	–	15,413	7,680	14,041	2,898	81,035
Segment assets							
– Continuing operations	15,411	2,512,270	24,318	–	–	–	2,551,999
– Discontinued operation	2,172	–	34,848	–	–	–	37,020
	17,583	2,512,270	59,166	–	–	–	2,589,019
– Unallocated assets							6,686
							2,595,705
Segment capital expenditure							
– Continuing operations	278	1,051,182	412	–	–	–	1,051,872
– Discontinued operation	28	–	1,460	–	–	–	1,488
	306	1,051,182	1,872	–	–	–	1,053,360
– Unallocated							2,989
							1,056,349

15. FIXED ASSETS

(a) The Group

	Buildings for own use carried at cost *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Other fixed assets *HK$'000*	Sub-total *HK$'000*	Interests in leasehold land held for own use under operating leases *HK$'000*	Total fixed assets *HK$'000*
Cost:							
At 1 April 2005	45,986	22,466	113,651	42,440	224,543	5,232	229,775
Additions	–	2,138	921	2,108	5,167	–	5,167
At 31 March 2006	45,986	24,604	114,572	44,548	229,710	5,232	234,942
At 1 April 2006	45,986	24,604	114,572	44,548	229,710	5,232	234,942
Additions	–	1,096	121	2,889	4,106	–	4,106
Disposal	–	–	(250)	(41)	(291)	–	(291)
Disposal of subsidiaries	(45,986)	(21,169)	–	–	(67,155)	(5,232)	(72,387)
At 31 March 2007	–	4,531	114,443	47,396	166,370	–	166,370
Accumulation amortisation and depreciation:							
At 1 April 2005	11,036	16,152	72,540	30,397	130,125	589	130,714
Charge for the year	1,840	4,844	25,424	8,934	41,042	104	41,146
At 31 March 2006	12,876	20,996	97,964	39,331	171,167	693	171,860
At 1 April 2006	12,876	20,996	97,964	39,331	171,167	693	171,860
Charge for the year	1,686	2,003	6,661	2,962	13,312	86	13,398
Written back on disposals	–	–	(250)	(4)	(254)	–	(254)
Disposal of subsidiaries	(14,562)	(21,169)	–	–	(35,731)	(779)	(36,510)
At 31 March 2007	–	1,830	104,375	42,289	148,494	–	148,494
Net book value:							
At 31 March 2007	–	2,701	10,068	5,107	17,876	–	17,876
At 31 March 2006	33,110	3,608	16,608	5,217	58,543	4,539	63,082

(b) The Company

	Leasehold improvements *HK$'000*	Other fixed assets *HK$'000*	Total fixed assets *HK$'000*
Cost:			
Additions, at 31 March 2006 and 1 April 2006	2,115	873	2,988
Additions	–	1,621	1,621
Disposals	–	(41)	(41)
At 31 March 2007	2,115	2,453	4,568
Accumulated amortisation and depreciation:			
Charge for the year, at 31 March 2006 and at 1 April 2006	143	98	241
Charge for the year	142	423	565
Written back on disposal	–	(4)	(4)
At 31 March 2007	285	517	802
Net book value:			
At 31 March 2007	1,830	1,936	3,766
At 31 March 2006	1,972	775	2,747

(c) As at 31 March 2006, the Group's leasehold land and buildings were situated in the PRC and held under medium term leases.

16. INTANGIBLE ASSETS

	The Group *HK$'000*
Cost:	
Additions and at 31 March 2007	67,992
Accumulated amortisation:	
Charge for the year and at 31 March 2007	171
Net book value:	
At 31 March 2007	67,821

The intangible assets represent the operating rights of 5 gaming tables in the high roller area of and 204 electronic slot machines in the Greek Mythology Casino (see note 18) in Macau.

The amortisation charge for the year is included in "general and administrative expenses" in the consolidated income statement.

17. INVESTMENTS IN SUBSIDIARIES

	The Company 2007 HK$'000	The Company 2006 HK$'000
Unlisted shares, at cost	68,790	18

Particulars of the subsidiaries at 31 March 2007 were as follows:

Name	Place of incorporation and operation	Particulars of paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
GMC Management Limited	Hong Kong	HK$10,000	100%	100%	–	Provision of administrative support to group companies
Hong Kong Macau Express Limited	Hong Kong	HK$750,000	51%	51%	–	Sales of travel packages
Gold Faith Development Limited	The British Virgin Islands ("BVI")	US$50,000	100%	100%	–	Gaming and entertainment business
Jadepower Limited	BVI	US$1,000	100%	100%	–	Gaming and entertainment business
Profit Goal Holdings Limited	BVI	US$1,000	100%	100%	–	Investment holding
Thousand Ocean Investments Limited	BVI	US$1,000	100%	100%	–	Gaming and entertainment business
A-Max Kepo Display Limited	Hong Kong	HK$100	100%	–	100%	Sales of LCD and LCD modules
A-Max Global Products Limited	Hong Kong	HK$100	100%	–	100%	Inactive
A-Max Kepo Limited	BVI	US$100	100%	–	100%	Not yet commenced business
Chesford Group Limited	BVI	US$100	100%	–	100%	Not yet commenced business

18. INTEREST IN AN ASSOCIATE

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	–	–	2,332,479	2,332,168
Share of net assets	2,454,597	2,512,270	–	–
	2,454,597	2,512,270	2,332,479	2,332,168

(a) Particulars of the associate at 31 March 2007 were as follows:

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

Greek Mythology 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") in Macau.

(b) Summary financial information on the associate

	At 31 March 2007			Year ended 31 March 2007			
	Assets	**Liabilities**	**Equity**	**Revenues**	**Operating profit**	**Amortisation of intangible asset**	**Net profit**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
100 per cent	5,622,319	703,286	4,919,033	385,193	241,287	(356,864)	(115,577)
Group's effective interest	2,805,537	350,940	2,454,597	192,211	120,402	(178,075)	(57,673)

	At 31 March 2006			Year ended 31 March 2006			
	Assets	**Liabilities**	**Equity**	**Revenues**	**Operating profit**	**Amortisation of intangible asset**	**Net profit**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
100 per cent	5,653,150	618,540	5,034,610	8,524	6,515	(3,906)	2,609
Group's effective interest	2,820,922	308,652	2,512,270	4,253	3,251	(1,949)	1,302

(c) Acquisition of Greek Mythology

	2006
	HK$'000
Purchase consideration	
Issue of promissory note	
Face value of promissory note *(note 25)*	1,454,722
Reduction of face value to fair value	(715,212)
Fair value of promissory note	739,510
Issue of new shares *(note 26(c)(iii))*	601,850
	1,341,360
Shortfall in market price of shares issued	(290,178)
Fair value of consideration for additional 30% interest in Greek Mythology	1,051,182
Cost of investment for 19.9% interest in Greek Mythology acquired in the financial year 2005	1,280,986
Total acquisition cost of 49.9% interest in Greek Mythology	2,332,168
Fair value of net assets acquired, as detailed below	2,510,968
Excess of fair value of net assets acquired over the cost of acquisition of an associate	178,800

On 28 March 2006, the Group completed the acquisition of a further 30% equity interest in Greek Mythology with part of the consideration being settled by the allotment and issue of 1,074,732,630 new shares of HK$0.001 each by the Company at an issue price of HK$0.56 each. HKFRS 3 "Business Combinations" requires the fair value of the share consideration for accounting purposes to be determined at the date that significant influence over its management (including participation in the financial and operating policy decisions) becomes effective. At the completion date of acquisition, the market price of the shares of the Company was HK$0.29. Accordingly, the fair value of the consideration shares for this purpose was approximately HK$311,672,000.

The assets and liabilities arising from the acquisition are as follows:

	2006	
	Carrying amount of the associate	**Fair value**
	HK$'000	*HK$'000*
Property, plant and equipment	504,018	504,018
Intangible asset *(note)*	–	5,000,000
Debtors and prepayments	95,402	95,402
Cash and cash equivalents	98,710	98,710
Creditors and accruals	(66,129)	(66,129)
Borrowings	(600,000)	(600,000)
Net assets	32,001	5,032,001
49.9% of net assets acquired		2,510,968

Note: The intangible asset represents the rights for the management of the Greek Mythology Casino.

19. INVENTORIES

	The Group 2007 HK$'000	The Group 2006 HK$'000
Raw materials, at cost	4,854	7,268
Work in progress, at cost	1,960	1,734
Finished goods, at cost	2,962	2,185
	9,776	11,187
Less: Provision for slow-moving and obsolete inventories	(4,236)	(2,030)
	5,540	9,157

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due from subsidiaries	–	–	43,780	–
Trade receivables				
– related company	573	–	–	–
– others	8,028	5,889	–	–
	8,601	5,889	–	–
Rental and other deposits	620	63	193	13
Dividend receivable	–	311	–	311
Due from the associate	1,161	–	–	–
Prepayments, deposits and other receivables	33,817	207	5	29
	44,199	6,470	43,978	353

The amounts due from subsidiaries and associate are unsecured, non-interest bearing and have no fixed terms of repayment.

All of the trade and other receivables, apart from rental and other deposits, are expected to be recovered within one year.

The ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) as of the balance sheet date is as follows:

	The Group 2007 HK$'000	The Group 2006 HK$'000
Within 1 month	5,382	3,310
1 to 2 months	1,394	1,507
2 to 3 months	427	550
More than 3 months	1,398	522
	8,601	5,889

The Group's credit policy is set out in note 28(a).

Included in trade and other receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	'000	*'000*	*'000*	*'000*
United States Dollars	US$654	US$54	–	–
Renminbi	RMB293	RMB225	–	–

21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank	51,532	4,699	48,970	3,580
Cash in hand	6,225	27	1	5
	57,757	4,726	48,971	3,585

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	'000	*'000*	*'000*	*'000*
United States Dollars	US$26	US$15	–	–
Renminbi	RMB140	RMB654	–	–

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	16,317	15,293	–	–
Payable for acquisition of intangible assets	20,000	–	20,000	–
Accruals and other payables	5,687	6,946	679	2,645
Amounts due to subsidiaries	–	–	51,697	454
	42,004	22,239	72,376	3,099

The amounts due to subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

All of the trade and other payables are expected to be settled within one year.

The ageing analysis of trade payables as of the balance sheet date is as follows:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within 1 month	4,233	4,762
After 1 month but within 2 months	5,015	4,106
After 2 months but within 3 months	1,594	1,940
After 3 months	5,475	4,485
	16,317	15,293

Included in trade and other payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	'000	*'000*	*'000*	*'000*
Renminbi	RMB7,761	RMB9,803	–	–

23. BORROWINGS

		The Group		The Company	
		2007	**2006**	**2007**	**2006**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other loans – unsecured	*(a)*	53,985	43,785	10,000	10,000
Amounts due to ex-directors	*(b)*	–	9,184	–	3,900
		53,985	52,969	10,000	13,900

Notes:

(a) Other loans represent unsecured loans from unrelated parties, which bear interest ranging from 3.5% to 8.5% (2006: 3.5% to 6%) per annum and are not repayable within the next twelve months.

(b) The amounts due to ex-directors, which represented emoluments due to ex-directors, were unsecured and non-interest bearing. The amounts were waived in full during the year.

Included in non-current borrowings are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	'000	*'000*	*'000*	*'000*
Renminbi	RMB30,595	RMB26,750	–	–

24. CONVERTIBLE NOTES

	The Group and the Company 2007	2006
	HK$'000	*HK$'000*
At 31 March	–	2,435

Note:

Pursuant to a subscription agreement dated 20 February 2004, the Company issued the convertible notes in the aggregate amount of HK$14.6 million (comprising 73 notes with a face value of HK$200,000 each) to Firstcom Technology Limited to raise working capital for the repayment of certain term loans due to lenders and for the general working capital of the Group. The convertible notes bear interest at 1.5% per annum and can be converted into new ordinary shares during the period from 31 March 2004 to 30 March 2009 at the conversion ratio of 5% of the then issued share capital of the Company at the time of conversion for each note in the face value of HK$200,000. The shares so converted will rank pari passu in all respect with all other ordinary shares in issue on the date of allotment.

The convertible notes that are not converted into ordinary shares will be redeemed at face value on 30 March 2009. The notes bear effective interest at 6.41% per annum and are unsecured.

During the year ended 31 March 2007, the noteholders converted the convertible notes with a total face value of HK$2,800,000 (2006: HK$1,400,000) into 5,207,030,659 (2006: 1,084,856,676) new ordinary shares of HK$0.001 each. All of the convertible notes had been converted into the Company's new ordinary shares during the year ended 31 March 2007.

25. PROMISSORY NOTES

On 28 March 2006, the Company issued promissory notes with the aggregate face values of approximately HK$1,454,722,000 as part of the consideration for the acquisition of the associate (note 18(c)).

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

Interest expense on promissory notes is calculated using the effective interest method by applying the effective interest rate of 7% per annum to the fair value of the promissory notes.

26. CAPITAL AND RESERVES

(a) The Group

	Attributable to equity shareholders of the Company								
	Share capital	**Share premium**	**Special reserve**	**Capital reserve**	**Exchange reserve**	**Retained profits/ (accumulated losses)**	**Total**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	2,665	1,419,437	(22,470)	872	(117)	(48,175)	1,352,212	–	1,352,212
Shares issued under conversion of convertible notes *(note 26(c)(ii))*	1,085	369	–	(291)	–	–	1,163	–	1,163
Share issued in respect of the acquisition of Greek Mythology *(note 26(c)(iii))*	1,075	310,597	–	–	–	–	311,672	–	311,672
Share issuance expenses	–	(4)	–	–	–	–	(4)	–	(4)
Profit for the year	–	–	–	–	–	112,942	112,942	–	112,942
At 31 March 2006	4,825	1,730,399	(22,470)	581	(117)	64,767	1,777,985	–	1,777,985
At 1 April 2006	4,825	1,730,399	(22,470)	581	(117)	64,767	1,777,985	–	1,777,985
Shares issued under the placing *(note 26(c)(i))*	1,173	99,220	–	–	–	–	100,393	–	100,393
Shares issued under conversion of convertible notes *(note 26(c)(ii))*	5,207	(2,138)	–	(581)	–	–	2,488	–	2,488
Share issuance expenses	–	(2,618)	–	–	–	–	(2,618)	–	(2,618)
Capital contributions from a minority shareholder of a subsidiary	–	–	–	–	–	–	–	368	368
Loss for the year	–	–	–	–	–	(118,659)	(118,659)	(41)	(118,700)
At 31 March 2007	11,205	1,824,863	(22,470)	–	(117)	(53,892)	1,759,589	327	1,759,916

(b) The Company

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Capital reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2005	2,665	1,419,437	105,026	872	(254,967)	1,273,033
Shares issued under conversion of convertible notes *(note 26(c)(ii))*	1,085	369	–	(291)	–	1,163
Share issued in respect of Greek Mythology *(note 26(c)(iii))*	1,075	310,597	–	–	–	311,672
Share issuance expenses	–	(4)	–	–	–	(4)
Loss for the year	–	–	–	–	(6,504)	(6,504)
At 31 March 2006	4,825	1,730,399	105,026	581	(261,471)	1,579,360
At 1 April 2006	4,825	1,730,399	105,026	581	(261,471)	1,579,360
Shares issued under the placing *(note 26(c)(i))*	1,173	99,220	–	–	–	100,393
Shares issued under conversion of convertible notes *(note 26(c)(ii))*	5,207	(2,138)	–	(581)	–	2,488
Share issuance expenses	–	(2,618)	–	–	–	(2,618)
Loss for the year	–	–	–	–	(55,893)	(55,893)
At 31 March 2007	11,205	1,824,863	105,026	–	(317,364)	1,623,730

(c) Share capital

	2007 Number of shares *'000*	2007 *HK$'000*	2006 Number of shares *'000*	2006 *HK$'000*
Authorised:				
40,000,000,000 ordinary shares of HK$0.001 each	40,000,000	40,000	40,000,000	40,000

	Note	2007 Number of shares *'000*	2007 *HK$'000*	2006 Number of shares *'000*	2006 *HK$'000*
Ordinary shares, issued and fully paid:					
At 1 April		4,824,427	4,825	2,664,838	2,665
Shares issued under the placing	*(i)*	1,172,824	1,173	–	–
Shares issued under conversion of the convertible notes	*(ii)*	5,207,031	5,207	1,084,857	1,085
Shares issued for the acquisition of Greek Mythology	*(iii)*	–	–	1,074,732	1,075
At 31 March		11,204,282	11,205	4,824,427	4,825

Notes:

(i) Shares issued under the placing

During the year ended 31 March 2007, the Company issued 1,172,824,310 new ordinary shares of HK$0.001 each pursuant to a placing agreement entered into with a placing agent on 10 October 2006 at a placing price of HK$0.0856 per share to finance the Company's investments and strengthen the Group's working capital.

(ii) Conversion of the convertible notes

During the year ended 31 March 2007, 5,207,030,659 (2006: 1,084,856,676) new ordinary shares of HK$0.001 each were issued pursuant to the conversion of HK$2,800,000 (2006: HK$1,400,000) convertible notes at an average conversion price of approximately HK0.05 cents (2006: HK0.13 cents) per share.

The share capital and share premium accounts of the Company have been increased by approximately HK$5,207,000 (2006: HK$1,085,000) and decreased by HK$2,138,000 (2006: increased by approximately HK$369,000) respectively following the conversion. An amount of approximately HK$581,000 (2006: HK$291,000) has been transferred from the capital reserve to the share premium account in accordance with the policy set out in note 2(l).

(iii) Acquisition of the associate

During the year ended 31 March 2006, the Company issued 1,074,732,630 new ordinary shares of HK$0.001 each at the issue price of HK$0.56 per share as part of the consideration for the acquisition of a 30% equity interest in Greek Mythology, the associate of the Company (see note 18(c)).

(d) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Contributed surplus

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.

(iii) Special reserve

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.

(iv) Capital reserve

The capital reserve represents the value of the unexercised equity component of convertible notes issued by the Company recognized in accordance with the accounting policy adopted for convertible notes in note 2(l).

(e) Distributable reserves

As at 31 March 2007, in the opinion of the directors of the Company, the reserves of the Company available for distribution to shareholders amounted to approximately HK$1,612,525,000 (2006: HK$1,573,954,000) subject to the restrictions stated above.

27. 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 2007.

28. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 30 days to 60 days from the date of billing. Normally, the Group does not obtain collateral from customers. At the balance sheet date, the Group has a certain concentration of credit risk as 40% (2006: 16%) and 71% (2006: 48%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

Cash and cash equivalents are normally placed with licensed banks that have a credit rating better than the Group. Given their high credit ratings, management does not expect any licensed bank to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major loan lenders to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The interest rates and terms of repayment of the convertible notes, promissory note and other borrowings of the Group are disclosed in notes 24, 25 and 23, respectively. The Group does not expect any changes in interest rates which might materially affect the Group's result of operations.

(d) Foreign currency risk

The Group is exposed to foreign currency risk through certain trade and other receivables, bank deposits, trade and other payables and other loans that are denominated in the United States Dollars (USD) and/or Renminbi (RMB).

As the Hong Kong Dollars (HKD) is pegged to the USD, the Group does not expect any significant movements in the USD/HKD exchange rate. However, certain of the Group's borrowings are denominated in RMB, any appreciation or depreciation of HKD against RMB will affect the Group's financial position and reflect in the Group's income statement and/or exchange reserve.

The Group's foreign operations do not undertake significant transactions in a currency other than their respective functional currencies. Funds are retained by the foreign operations for use within the respective operations. Based on this, management considers the foreign exchange exposure to be low.

(e) Fair values

The fair values of all financial assets and liabilities are not materially different from their carrying amounts.

The following methods and assumptions were used to estimate the fair value for each class of the Group's financial instruments.

(i) The carrying values of the Group's current financial assets and liabilities are estimated to approximate to their fair values based on the nature or short-term maturity of these instruments.

(ii) The carrying value of the Group's non-current financial liabilities are estimated to approximate their fair values based on a discounted cash flow approach using interest rates available to the Group for similar indebtedness.

29. DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of two subsidiaries at the consideration of HK$50,000,000. The net assets of these subsidiaries at the date of disposal were as follows:

Net assets disposed of at the date of disposal:

	HK$'000
Property, plant and equipment	31,424
Interest in leasehold land for own use under operating leases	4,453
Net assets disposed	35,877
Total consideration	50,000
Gain on disposal	14,123
Total consideration satisfied by cash	50,000

30. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2007, convertible notes of HK$2,800,000 (2006: HK$1,400,000) was converted into 5,207,030,659 (2006: 1,084,856,676) ordinary shares of HK$0.001 each (notes 24 and 26(c)(ii)).

(b) During the year ended 31 March 2006, the Company acquired a 30% equity interest in Greek Mythology at a total consideration, before expenses, of approximately HK$2,056,572,000 which was satisfied by the issuance of a promissory note (see note 25) and the issuance of the Company's 1,074,732,000 new ordinary shares of HK$0.001 each at an issue price of HK$0.56 each.

31. BANKING FACILITIES

As at 31 March 2007, the Group had unsecured banking facilities totalling HK$6 million (2006: HK$6 million) in which no amount was utilised (2006: Nil).

32. COMMITMENTS

As at 31 March 2007, the Group had the following commitments:

(a) Operating lease commitments

At 31 March 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within one year	1,863	–
In the second to fifth years	698	–
	2,561	–

(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:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within one year	–	1,289
In the second to fifth years	–	5,619
After five years	–	77,530
	–	84,438

Save as disclosed above, the Group and the Company did not have any other significant capital or financial commitments as at 31 March 2007 and 2006.

33. CONTINGENT LIABILITIES

At 31 March 2007, the Group and the Company did not have any significant contingent liabilities.

At 31 March 2006, there were contingent liabilities in respect of guarantees given by the Company to the third parties to the extent of approximately HK$25,937,000 in respect of term loans borrowed from these third parties to the Company's subsidiaries. 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 2006.

34. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

(a) Remuneration for key management personnel is the amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9. Total remuneration is included in "staff costs" (see note 5(a)).

(b) During the year ended 31 March 2007, the Company acquired an intangible asset in respect of the operating rights of slot machines in the Greek Mythology Casino in Macau from an associate of the Company at a consideration of HK$48,000,000.

(c) During the year ended 31 March 2007, the Company acquired an intangible asset in respect of the operating rights of 5 gaming tables in the high roller area of the Greek Mythology Casino in Macau from a director of the Company's subsidiary at a consideration of HK$20,000,000.

(d) Other related party transactions

Particulars of significant transactions between the Group and the following related parties are as follows:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Purchases of ferry tickets from Hong Kong North West Express Limited, a related company in which a director of the Company's subsidiary has controlling interest	1,777	–
Rental expense charged by Hong Kong North West Express Limited	39	–
Rental expense charged by Superfaith Corporation Limited, a related company in which the director of the Company's subsidiary has controlling interest	180	–
Management fee charged by Remarkable Management Limited, a related company in which the director of the Company's subsidiary has controlling interest	379	–
Commission income received and receivable from the associate of the Company	490	–
Purchases of casino packages from the associate of the Company	501	–
Consultancy fee charged by the director of the Company's subsidiary	100	–
Consultancy fee charged by E-Mirage Holdings Limited, a related company in which a director of the Company has controlling interest	507	–
Consultancy fee charged by a spouse of the ex-director of the Company	–	120

The directors of the Company are of the opinion that the above transactions with related parties were conducted on normal commercial terms and in the ordinary course of business.

35. NON-ADJUSTING POST BALANCE SHEET EVENTS

(a) On 28 June 2007, Profit Goal Holdings Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party to dispose of 100% equity interest in A-Max Global Products Limited, a wholly-owned subsidiary of the Company, at a consideration of HK$1, resulting in a gain of approximately HK$13 million.

(b) On 22 May 2007, the Company entered into the rights assignment agreement with a director of the Company's subsidiary pursuant to which Thousand Ocean Investments Limited, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire the operation rights of 5 additional gaming tables in the high roller gaming area of the Greek Mythology Casino within the New Century Hotel in Macau at a consideration of HK$20 million. Upon the completion of acquisition, the number of high roller gaming tables operated by the Group will increase to 10. However, due to the delay of operation schedule of these 5 additional tables, the transaction was subsequently terminated on 18 July 2007.

Thousand Ocean Investments Limited is principally engaged in the promotion, sales and marketing, client development, coordination and operation of the existing 5 tables at the high roller gaming area in the Greek Mythology Casino.

(c) Subsequent to the balance sheet date in June and July 2007, AMA International Sociedade Unipessoal Limitada ("AMA"), a company incorporated in Macau in which the Company owns a 80% equity interest, has entered into 10 conditional gaming intermediary agreements (the "Gaming Intermediary Agreements") with a number of the gaming intermediaries, the independent third parties.

Pursuant to each gaming intermediary agreement, the relevant gaming intermediaries will introduce and bring players to play at casinos in Macau designated by AMA. The owners of such casinos will pay commissions to AMA for the amount of non-negotiable chips being exchanged. AMA in turn will pay commission to these gaming intermediaries calculated at the agreed percentages under the relevant Gaming Intermediary Agreements (which are with reference to the market practice) of the amount of non-negotiable chips being exchanged. AMA will be benefited from earning the difference between the commissions received from casinos and the commissions paid to gaming intermediaries.

AMA plans to operate a minimum of 100 gaming tables at all times. The directors of the Company are considering various fund raising methods to meet the necessary operating capital.

Up to the date of these consolidated financial statements, these transactions have not yet been completed.

36. COMPARATIVE FIGURES

Certain comparative figures have been re-classified due to compliance with the disclosure requirements of HKFRS 5 "Non-current assets held for sale and discontinued operations".

37. ACCOUNTING ESTIMATES AND JUDGEMENTS

The method, estimates and judgements the management use in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. Certain critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation and amortisation of fixed assets

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The management reviews annually the useful life of an asset and its residual value, if any. Interests in leasehold land held for own use under operating leases are amortised on a straight-line basis over the shorter of the estimated useful lives of the leased assets and the lease term. Both the period and methods of amortisation are reviewed annually. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(b) Amortisation of intangible assets

Amortisation of intangible assets is calculated to write off the cost of items of intangible assets using the straight-line method over their estimated useful lives unless such lives are indefinite. The Group reviews the estimated useful lives of intangible assets annually in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful lives are based on the estimate period over which future economic benefits will be received by the Group and taking into account any unexpected adverse changes in circumstances or events. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Valuation of inventories

Inventories are stated at the lower of cost and net realisable value at the balance sheet date. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. In addition, the management performs an inventory review on a product-by-product basis at each year end date and assess the need for write down of inventories.

(d) Impairments

If circumstances indicate that the carrying value of fixed and intangible assets may not be recoverable, the assets may be considered “impaired”, and an impairment loss may be recognised in accordance with HKAS 36 “Impairment of Assets”. The carrying amounts of fixed and intangible assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amount is reduced to recoverable amount. The recoverable amount of fixed and intangible assets is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group’s asset are not available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sale volume, selling price and amount of operating costs. The management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

Impairment losses for bad and doubtful debts are assessed and provided based on the management’s regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the management when assessing the credit worthiness and past collection history of each individual customer.

Any increase or decrease in the above impairment losses would affect the net profit in future years.

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2007

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s results of operations and financial position.

In addition, the following developments may result in new or amended disclosure in the financial statements:

		Effective for accounting periods beginning on or after
HKFRS 7	Financial instruments: disclosures	1 January 2007
Amendment to HKAS 1	Presentation of financial statements: capital disclosures	1 January 2007

3. UNAUDITED FINANCIAL STATEMENTS OF THE GROUP

The following is the unaudited financial statements of the Group together with accompanying notes as extracted from the interim report of the Company for the six months ended 30 September 2007.

Condensed Consolidated Income Statement
For the period ended 30 September 2007

	Notes	**2007** *HK$'000* Unaudited	**2006** *HK$'000* Unaudited (Restated)
Continuing operations			
Turnover	*3*	132,223	34,287
Cost of sales		(110,149)	(34,642)
Gross profit/(loss)		22,074	(355)
Other revenue	*4*	937	738
Selling and distribution expenses		(2,322)	(792)
General and administrative expenses		(13,604)	(8,503)
Profit/(loss) from operations	*5*	7,085	(8,912)
Finance costs	*6*	(28,304)	(13,392)
Share of (loss)/profit of an associate			
Share of operating profit of an associate	*10*	46,322	67,476
Share of amortisation of intangible asset of an associate	*10*	(89,038)	(62,375)
		(42,716)	5,101
Gain on disposal of subsidiaries		13,522	–
Loss before taxation		(50,413)	(17,203)
Income tax	*7*	–	–
Loss for the period from continuing operations		(50,413)	(17,203)
Discontinued operation			
Loss for the period from discontinued operation	*8*	(306)	(1,019)
Loss for the period		(50,719)	(18,222)
Attributable to:			
Equity shareholders of the Company		(51,708)	(18,209)
Minority interests		989	(13)
Loss for the period		(50,719)	(18,222)
Loss per share – basic	*9*		
From continuing and discontinued operations		HK(0.46) cents	HK(0.36) cents
From continuing operations		HK(0.46) cents	HK(0.34) cents
From discontinued operation		–	HK(0.02) cents

Condensed Consolidated Balance Sheet
As at 30 September 2007

	Notes	30 September 2007 HK$'000 Unaudited	31 March 2007 HK$'000 Audited
Non-current assets			
Property, plant and equipment		11,003	17,876
Intangible assets		65,978	67,821
Interest in an associate	*10*	2,411,882	2,454,597
		2,488,863	2,540,294
Current assets			
Inventories		3,688	5,540
Trade and other receivables	*11*	89,723	44,199
Cash and cash equivalents		2,286	57,757
		95,697	107,496
Current liabilities			
Trade and other payables	*12*	(33,211)	(42,004)
Income tax payable		(10)	(7)
		(33,221)	(42,011)
Net current assets		62,476	65,485
Total assets less current liabilities		2,551,339	2,605,779
Non-current liabilities			
Borrowings	*13*	(22,548)	(53,985)
Promissory notes	*14*	(819,594)	(791,878)
		(842,142)	(845,863)
NET ASSETS		1,709,197	1,759,916
CAPITAL AND RESERVES			
Share capital	*15*	11,204	11,205
Reserves		1,696,677	1,748,384
Total equity attributable to equity shareholders of the Company		1,707,881	1,759,589
Minority interests		1,316	327
TOTAL EQUITY		1,709,197	1,759,916

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 September 2007

	2007 *HK$'000* Unaudited	2006 *HK$'000* Unaudited
As at 1 April	1,759,916	1,777,985
Net loss for the period	(50,719)	(18,222)
Shares issued for conversion of convertible notes	–	1,411
As at 30 September	1,709,197	1,761,174

Condensed Consolidated Cash Flow Statement
For the six months ended 30 September 2007

	2007 *HK$'000* Unaudited	2006 *HK$'000* Unaudited
Net cash outflow from operating activities	(38,967)	(7,051)
Net cash inflow/(outflow) from investing activities	828	(394)
Net cash outflow before financing	(38,139)	(7,445)
Net cash (outflow)/inflow from financing	(17,331)	5,237
Decrease in cash and cash equivalents	(55,470)	(2,208)
Cash and cash equivalents as at 1 April	57,756	4,726
Cash and cash equivalents as at 30 September represented by cash and bank balances	2,286	2,518

Notes to Condensed Consolidated Financial Statements

For the period ended 30 September 2007

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), the Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial statements should be read in conjunction with the 2007 audited financial statements. The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the Group's audited financial statements for the year ended 31 March 2007.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adopted for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in significant change to the Group's accounting policies applied on these financial statements for the current and prior period presented. The Group has not applied any new and revised standard or interpretation that is not yet effective for the current accounting period.

The following new and revised HKFRSs that affect the Group and are adopted for the first time in the current period's financial statements:

HKAS 1 Amendment	Capital disclosures
HKFRS 7	Financial instruments: disclosures
HK(IFRIC)-Int 7	Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of embedded derivatives
HK(IFRIC)-Int 10	Interim financial reporting and impairment
HK(IFRIC)-Int 11	HKFRS2 – Group and treasury share transactions

The adoption of these new and revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements.

2. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

The Group comprises the following main business segments:

Continuing operations:

LCD products segment:

the manufacturing and sales of LCD and LCD modules.

Gaming and entertainment segment:

the promotion, client development, co-ordination and management of VIP room business.

Discontinued operation:

LCD consumer products segment:

the manufacturing and sales of calculators and other electronic products.

For the six months ended 30 September 2007

	Continuing operations			Discontinued operation	
	LCD products	**Gaming and entertainment**	**Sub-total**	**LCD consumer products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue					
Revenue from external customers	24,381	107,842	132,223	18	132,241
Results					
Segment results	(2,107)	13,235	11,128	(125)	11,003
Unallocated operating income and expenses			(4,043)	–	(4,043)
Profit/(loss) from operations			7,085	(125)	6,960
Finance costs			(28,304)	(181)	(28,485)
Share of loss of the associate	–	(42,716)	(42,716)	–	(42,716)
Gain on disposal of subsidiaries			13,522	–	13,522
Loss for the period			(50,413)	(306)	(50,719)

For the six months ended 30 September 2006

	Continuing operations			Discontinued operation		
	LCD products	**Gaming and entertainment**	**Sub-total**	**LCD consumer products**	**Inter-segment eliminations**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue						
Revenue from external customers	33,857	427	34,284	206	–	34,493
Inter-segment revenue*	3	–	3	–	(3)	–
Total	33,860	427	34,287	206	(3)	34,493
Results						
Segment results	(5,600)	401	(5,199)	(493)	–	(5,692)
Unallocated operating income and expenses			(3,713)	–	–	(3,713)
Loss from operations			(8,912)	(493)	–	(9,405)
Finance costs			(13,392)	(526)	–	(13,918)
Share of profit of the associate	–	5,101	5,101	–	–	5,101
Loss for the period			(17,203)	(1,019)	–	(18,222)

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

(b) Geographical segments

In presenting information on the basis of the geographical segment, segment revenue is based on the geographical location of the customers.

For the six months ended 30 September 2007

	Hong Kong	Macau	The PRC (excluding Hong Kong and Macau)	Japan	South Korea	USA	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Segment revenue								
Revenue from external customers	10,059	103,944	197	1,498	314	14,976	1,253	132,241
Attributable to discontinued operation	–	–	(18)	–	–	–	–	(18)
Revenue from continuing operations	10,059	103,944	179	1,498	314	14,976	1,253	132,223

For the six months ended 30 September 2006

	Hong Kong	Macau	The PRC (excluding Hong Kong and Macau)	Japan	South Korea	USA	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Segment revenue								
Revenue from continuing operations	9,548	427	4,688	2,178	10,570	6,209	667	34,287
Revenue from discontinued operation	–	–	206	–	–	–	–	206
	9,548	427	4,894	2,178	10,570	6,209	667	34,493

3. TURNOVER

An analysis of the Group's turnover is as follows:

	2007	2006
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Continuing operations:		
Sales of LCD products	24,381	33,860
Revenue from VIP room management	103,944	427
Revenue from sales of travel packages	3,898	–
	132,223	34,287
Discontinued operation:		
Sales of LCD consumer products	18	206
	132,241	34,493

4. OTHER REVENUE

An analysis of the Group's other revenue is as follows:

	2007	2006
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Continuing operations:		
Interest income from banks	792	1
Rental income	72	496
Sundry income	73	241
	937	738
Discontinued operation:		
Sundry income	–	174
	–	174
	937	912

5. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is arrived at after charging/(crediting):

	2007 *HK$'000* Unaudited	2006 *HK$'000* Unaudited (Restated)
(a) Staff costs (including directors' remuneration):		
Continuing operations:		
Salaries, wages and other benefits	7,021	5,187
Contributions to defined contribution retirement plans	54	40
	7,075	5,227
Discontinued operation:		
Salaries, wages and other benefits	–	45
Contributions to defined contribution retirement plans	–	–
	–	45
	7,075	5,272
(b) Other items:		
Continuing operations:		
Depreciation of property, plant and equipment	342	2,712
Amortisation of intangible assets	1,843	–
Operating lease rentals:		
– property rentals	515	329
Cost of sales	110,149	34,642
Discontinued operation:		
Amortisation of land lease premium	–	51
Cost of sales	84	715

6. FINANCE COSTS

	2007 *HK$'000* Unaudited	2006 *HK$'000* Unaudited
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	588	389
Interest on convertible notes	–	52
Interest on promissory notes	27,716	12,951
	28,304	13,392
Discontinued operation:		
Interest on borrowings wholly repayable within five years	181	527
	28,485	13,919

7. INCOME TAX

(a) Continuing operations

No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the continuing operations have no estimated assessable profits for the six months ended 30 September 2007 and 2006.

(b) Discontinued operation

No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the discontinued operation have no estimated assessable profits during the six months ended 30 September 2007 and 2006.

(c) Deferred taxation not recognised

There was no material unprovided deferred taxation. The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$61 million (31 March 2007: HK$91 million) as it is not probable that future taxable profits against which tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

8. DISCONTINUED OPERATION

The Group's manufacturing and trading of LCD consumer products was discontinued during the period.

The results of the discontinued operation for the six months ended 30 September 2007 and 2006 were as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Turnover	18	206
Cost of sales	(84)	(715)
Gross loss	(66)	(509)
Other revenue	–	174
Selling and distribution expenses	(54)	(1)
General and administrative expenses	(5)	(156)
Loss from operations	(125)	(492)
Finance costs	(181)	(527)
Loss before taxation	(306)	(1,019)
Income tax	–	–
Loss for the period	(306)	(1,019)

9. 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 2007 of HK$51,708,000 (2006: HK$18,209,000) and the weighted average number of 11,204,282,285 shares (2006: 5,061,835,677 shares).

The diluted loss per share is not presented as the Company does not have any dilutive potential shares for the period ended 30 September 2007 and the potential ordinary shares outstanding during the period ended 30 September 2006 had an anti-dilutive effect on the basic loss per share from continuing operations.

10. 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 MOP1,000 each	49.9%	49.9%	Gaming and entertainment businesses

(b) Summary financial information on the associate:

	Six months ended 30 September 2007		Six months ended 30 September 2006	
	Revenues	Net profit	Revenues	Net profit
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited	Unaudited	Unaudited
100 per cent	153,600	92,829	197,320	135,222
Group's effective interest	76,646	46,322	98,463	67,476

(c) Amortisation of intangible assets resulted from acquisition of the associate amounted to HK$89,038,000 (2006: HK$62,375,000) for the period.

11. 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 2007	31 March 2007
	HK$'000	*HK$'000*
	Unaudited	Audited
Trade receivables		
Within 30 days	5,876	5,382
31 – 60 days	2,373	1,394
61 – 90 days	348	427
Over 90 days	366	1,398
	8,963	8,601
Other receivables	80,760	35,598
	89,723	44,199

12. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

	30 September 2007 *HK$'000* Unaudited	31 March 2007 *HK$'000* Audited
Trade payables		
Within 30 days	5,956	4,233
31 – 60 days	1,639	5,015
61 – 90 days	1,864	1,594
Over 90 days	4,488	5,475
	13,947	16,317
Other payables	19,264	25,687
	33,211	42,004

13. BORROWINGS

Borrowings represent unsecured loans from independent third parties and bear interest ranging from 3.5% to 8.5% per annum.

14. 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 by applying the effective interest rate of 7% per annum to the fair value of the promissory notes.

15. SHARE CAPITAL

	Note	Number of shares *'000*	Amount *HK$'000*
Ordinary shares, issued and fully paid:			
At 1 April 2006		4,824,427	4,825
Shares issued under the placing	*(i)*	1,172,824	1,173
Shares issued under conversion of the convertible notes	*(ii)*	5,207,031	5,207
At 31 March 2007 and 30 September 2007		11,204,282	11,205

Notes:

(i) Shares issued under the placing

During the year ended 31 March 2007, the Company issued 1,172,824,310 new ordinary shares of HK$0.001 each pursuant to a placing agreement entered into with a placing agent on 10 October 2006 at a placing price of HK$0.0856 per share to finance the Company?s investments and strengthen the Group's working capital.

(ii) Conversion of the convertible notes

During the year ended 31 March 2007, 5,207,030,659 new ordinary shares of HK$0.001 each were issued pursuant to the conversion of HK$2,800,000 convertible notes at an average conversion price of approximately HK0.05 cents per share.

16. EVENTS AFTER THE BALANCE SHEET DATE

On 23 August 2007, the Company entered into a conditional loan agreement with Ace High Group Limited ("Ace High") whereby the Company will provide a term loan facility of up to HK$3 billion to Ace High which in turn will on-lend the same amount to AMA International Limited ("AMA"), a holder of a junket license to carry out the junket business in Macau. The loan facility was subsequently reduced to HK$2 billion.

AMA's business is to aggregate the business of different junket collaborators and deal directly with Crown Macau Casino and receive commission therefrom.

Pursuant to the loan agreement, the Company shall have the right, at its absolute discretion to capitalize HK$50,000,000 of the principal amount of the loan for an allotment and issue of such number of new shares of Ace High representing 99.99% of the enlarged issued share capital of Ace High on a fully diluted basis. The Company will, by virtue of a series of profit transfer agreements, be entitled to 80% of the profits generated by AMA (please refer to a circular of the Company dated 5 November 2007 for details).

In order to provide necessary working capital to fund the junket aggregation business as mentioned above, the Company entered into a placing agreement with CLSA Limited on 17 October 2007. The placing was completed on 13 December 2007, and a total of 15,384,615,000 new shares of the Company of HK$0.001 each were alloted and issued at a placing price of HK$0.13 each. The net proceeds from the placing, after deducting the placing commission and all relevant fees and expenses, amounted to approximately HK$1.95 billion which has been applied as the loan granted to Ace High under the loan agreement.

4. MANAGEMENT DISCUSSION AND ANALYSIS

The following is the management discussion and analysis as extracted from the annual reports of the Company for three years ended 31 March 2007.

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 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.

YEAR ENDED 31 MARCH 2006

Financial Review

During the year under review, the Group posted total manufacturing turnover of approximately HK$81.0 million (2005: HK$101.1 million), a decrease of 19.9% over the previous year. A net profit of approximately HK$112.9 million (2005 (restated): net loss of HK$46.1 million) was recorded for the reporting year as a result of three days' contribution from Greek Mythology following the completion of the acquisition on 28 March 2006, and an excess of fair value of net assets acquired over the cost of acquisition of 49.9% Greek

Mythology of HK$178.8 million. After the completion of acquisition, Greek Mythology has become an associated company of the Group. During the three days' period from 29 March 2006 to 31 March 2006, Greek Mythology recorded EBITDA and net profit of HK$7.2 million and HK$6.5 million respectively.

Dividend

The Directors do not recommend payment of a dividend for the year ended 31 March 2006 (2005: Nil).

Business Review and Prospects

Manufacturing Business

The LCD and electronic consumer products businesses reported a 19.9% year-on-year decrease in turnover to approximately HK$81.0 million (2005: HK$101.1 million) due to keen market competition. Rocketing oil prices had pushed the cost of major raw materials to new heights, coupled with shortages and unstable supply of labour and electricity in the PRC, continued to put pressure on the segments' performance. 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. Net attributable loss from manufacturing therefore widened.

The Group intends to focus its manufacturing operation on the higher-end higher-margin LCD products and streamline its electronic consumer products business. The Group will continue to 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 LCD operation. 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 decision on upgrading the existing production facilities of the Group for colour LCD modules production could be finalised in the near future.

As part of the effort to streamline the manufacturing operations, the Group had decided to restructure its electronic consumer products sector in order to improve the overall profit margin of the Group. The Group had scaled down the electronic consumer products sector by phases and temporarily suspended the sector's manufacturing operation, so that the manufacturing resources can be more effectively utilized for the production of higher-end higher-margin LCD products. The sector will rely mostly on out-sourcing. The Group will review the decision from time to time, and will not rule out the possibility of permanent termination of electronic consumer products sector eventually. Although the overall turnover from manufacturing may decrease as a result, the Group will be in a better position to narrow the losses in future and become profitable eventually.

Although the losses from the Group's manufacturing operation has widened, 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 prices for raw materials and oil beginning to stabilise, the market development efforts of the Company beginning to take shape and the effort to streamline the electronic consumer products business, the Directors expect that the performance of the Group's manufacturing operation will improve.

Gaming and Entertainment Business

The Group participates in the gaming and entertainment business in Macau through its investment 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 casino, has a total gross floor area of about 160,000 square feet and called for an investment of around MOP600 million, was completed in December 2004. Greek Mythology Casino is one of the largest casinos in Macau with a range of ancillary entertainment and childcare facilities. It also saw significant increase in traffic to over 30,000 customers daily by the end of the second quarter of 2005. 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 its development by 2007.

Upon the completion of further acquisition of Greek Mythology on 28 March 2006, the Company's interest in Greek Mythology increased to approximately 49.9% from 19.9%. As such, Greek Mythology will be accounted for as an associated company of the Group, and the Company is able to share its profits for the first time. It is expected that the contributions from Greek Mythology will be fully reflected in the next financial year. For the period ended 31 March 2006, Greek Mythology recorded EBITDA and net profit of HK$522.7 million and HK$424.0 million respectively. During the period from 29 March 2006 to 31 March 2006, Greek Mythology recorded EBITDA and net profit of HK$7.2 million and HK$6.5 million respectively. 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.

Subsequent to the year-end, the Group had reached collaboration agreements with various parties in relation to the provision of gaming and electronic technical services for servicing and operation of certain electronic gaming systems located in Greek Mythology Casino in June 2006. In return, the Group is entitled to share a fixed rate on net gaming wins from the systems.

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$2,595.7 million (2005 (restated): HK$1,414.2 million) and HK$1,778.0 million (2005 (restated): HK$1,352.2 million) respectively as at 31 March 2006. Consolidated shareholders' equity as at the year end was approximately HK$1,778.0 million (2005 (restated): HK$1,352.2 million).

The gearing ratio as at 31 March 2006, calculated as a ratio of borrowings to shareholders' funds, was 3% (2005 (restated): 2%). If the balances of convertible notes and promissory note are included in the calculations, the gearing ratio would be 45% (2005 (restated): 2%).

The Group has sufficient financial resources to cover its operations. As at 31 March 2006, the Group had facilities up to HK$26 million.

Employees and Remuneration Policy

As at 31 March 2006, the Group employed a total of approximately 650 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 2006, the Group had no significant contingent liabilities.

YEAR ENDED 31 MARCH 2007

Financial Review

During the year under review, the Company and its discontinued operations of approximately HK$65.6 million (2006: HK$81.0 million), a decrease of 19.0% over the previous year resulted mainly from the discontinuation of manufacturing business of consumer products. A net loss of approximately HK$118.7 million (2006: net profit HK$112.9 million) was recorded for the reporting year with contribution from Greek Mythology amounting to HK$120.4 million. The loss for the year was merely due to the accounting expenses of

HK$51.9 million non-cash interests on convertible notes and promissory notes, and HK$178.1 million amortisation of intangible assets resulted from the acquisition of 49.9% Greek Mythology. Should these non-cash expenses be excluded, the Group was able to record a net profit of HK$111.3 million for the year. Greek Mythology is an associated company of the Company. During the year ended 31 March 2007, Greek Mythology recorded EBITDA and net profit of HK$322.2 million and HK$241.3 million respectively.

Dividend

The Directors do not recommend payment of a dividend for the year ended 31 March 2007 (2006: Nil).

Business Review and Prospects

Gaming and Entertainment Business

The completion of the acquisition of 49.9% equity interest in Greek Mythology on 28 March 2006 embarked the group's full participation in Macau's gaming and entertainment sector, one of the world's fastest-growing gaming markets.

During the year, Greek Mythology achieved an EBITDA of HK$322.2 million. Despite the figure was below the record of last year, the management considers that it has been well performed as the gaming market of Macau has been changing significantly following the openings of a number of new and international branded casinos.

Focusing on the new operating environment, the Group was actively identifying investment opportunities to broaden its revenue base and market share. One of the milestones was the successful expansion of its operation into the VIP gaming market through engagement in the high-rolling gaming business since March 2007.

Following the significant participation of the major international players of the gaming industry in Macau, the management considers that the VIP gaming market would be one of the major sectors for the future success. In this respect, the group would grasp every opportunity to enrich its VIP gaming business.

For diversification and be a full range operator in the entertainment business, the Group also commenced its operation in electronic slot machines and electronic gaming entertainment.

The management anticipates that the gaming business of the Group will be further expanded and be a major sector of the Group's operations in the coming years.

Manufacturing Business

The manufacturing business reported a 26.2% decrease in turnover (including both continuing and discontinued operations) to HK$59.8 million (2006: HK$81.0 million) after discontinuation of the low-margin consumer products business. The Group intends to focus its manufacturing resources only on the higher-margin LCD products business. During the year under review, in order to increase the financial flexibility of the Group, factory property was disposed for HK$50.0 million, and a profit of approximately HK$14.1 million was recorded accordingly. Subsequent to the year-end, the disposal of the consumer products company also recorded a profit of approximately HK$13.0 million, which will be recorded in the next financial year ended 31 March 2008.

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 see improving results. Our investment in new technology and expansion of sales and marketing teams have eventually help the Group obtain significant orders from several US and Japanese customers. The management is confident that the manufacturing operations will become profitable in the coming financial years.

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$2,647.8 million (2006: HK$2,595.7 million) and HK$1,760.0 million (2006: HK$1,778.0 million) respectively as at 31 March 2007. Consolidated shareholders' equity as at the year end was approximately HK$1,760.0 million (2006: HK$1,778.0 million).

The gearing ratio as at 31 March 2007, calculated as a ratio of borrowings to shareholders' funds, was 3.1% (2006: 3.0%). If the promissory notes are included in the calculation, the gearing ratio would be 48.1% (2006: 44.6%).

The Group has sufficient financial resources to cover its operations. As at 31 March 2007, the Group had facilities up to HK$26 million.

Employees and Remuneration Policy

As at 31 March 2007, the Group employed a total of approximately 270 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 2007, the Group had no significant contingent liabilities.

Entering into of the Rights Assignment Agreement

On 22 May 2007, Thousand Ocean Investments Limited ("Thousand Ocean"), a wholly owned subsidiary of the Company, entered into a rights assignment agreement with Ms. Chen pursuant to which Ms. Chen will assign the operating rights to 5 additional gaming tables at the higher roller gaming area in the casino located at the New Century Hotel, Macau, managed by Greek Mythology (Macau) Entertainment Group Corporation Limited to Thousand One for a consideration of HK$20 million in cash through the internal resources of the Group. Thousand Ocean will be entitled to 80% of the net gaming wins (after deduction of amounts payable to SJM and Macau tax) attributable to the 5 new gaming tables under the arrangement. The rights assignment agreement has been completed in accordance with its conditions and terms.

5. INDEBTEDNESS

As at the close of business on 31 March 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has total outstanding borrowings of approximately HK$886,872,000, comprising unsecured loans from unrelated parties of approximately HK$39,566,000 and the promissory notes of approximately HK$847,306,000.

Save as disclosed herein and apart from intra-group liabilities, as at 31 March 2008, the Group had no other material outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 March 2008 up to the Latest Practicable Date.

6. WORKING CAPITAL

Taking into account the internal resources available to the Enlarged Group, the Directors are of the opinion that the Enlarged Group will, following the completion of the Capitalisation, have sufficient working capital for its present requirements, that is for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

The following is the text of an accountants' report, prepared for the purpose of incorporation in this circular, received from the reporting accountants of the Company, CCIF CPA Limited, Certified Public Accountants, Hong Kong.

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

16 May 2008

The Board of Directors
A-Max Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Ace High Group Limited ("Ace High") including the balance sheet as at 31 January 2008, and income statement, cash flow statement and statement of changes in equity for the period from 16 July 2007 (being date of incorporation of Ace High) to 31 January 2008 (the "Relevant Period") together with a summary of significant accounting policies and other explanatory notes thereto (collectively the "Financial Information") for inclusion in the circular (the "Circular") dated 16 May 2008 issued by A-Max Holdings Limited (the "Company") in connection with the proposed acquisition of 99.99% equity interest in Ace High (the "Acquisition") by the Company.

Ace High is a limited liability company incorporated in the British Virgin Islands (the "BVI") on 16 July 2007 under BVI Business Companies Act, 2004. The authorised share capital of Ace High is US$50,000 dividend into 50,000 ordinary shares of US$1 each. The registered office is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, the BVI. Ace High is engaged in financing the junket business of AMA International Limited in Macau.

No audited financial statements have been prepared for Ace High since its date of incorporation as these are no statutory requirements for it to prepare audited financial statements. The director of Ace High has adopted 31 March as Ace High's financial year end date. We have however, reviewed all transactions of Ace High from the date of its incorporation to 31 January 2008 for the purpose of this report.

BASIS OF PREPARATION

For the purpose of this report, the management of Ace High has prepared the management accounts of Ace High for the Relevant Period (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Financial Information has been prepared by the management of Ace High based on the Underlying Financial Statements. No adjustments have been made to the Underlying Financial Statements in the preparation of the Financial Information in accordance with HKFRSs and is presented on the basis set out in note 1 of Section B below.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND REPORTING ACCOUNTANTS

The management of Ace High is responsible for the preparation and true and fair presentation of the Financial Information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 carried out appropriate audit procedures in respect of the Financial Information for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA and we have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of Ace High, as well as evaluating the overall presentation of the Financial Information. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not audited any financial statements of Ace High in respect of any period subsequent to 31 January 2008.

OPINION

In our opinion, for the purposes of this report and on the basis of presentation set out in Section A below, the Financial Information gives a true and fair view of Ace High's profit, statement of changes in equity and statement of cash flows for the Relevant Period and of Ace High's state of affairs as at 31 January 2008.

A. FINANCIAL INFORMATION

1. Income Statement

	Note	Period from 16 July 2007 (date of incorporation) to 31 January 2008
		HK$
Turnover	*2*	40,447,039
Operating expenses		–
Profit from operation		40,447,039
Finance costs		
– interest payable to A-Max Holdings Limited		(22,006,164)
Profit before income tax		18,440,875
Income tax expense	*3*	–
Profit for the period		18,440,875

2. Balance Sheet

	Note	As at 31 January 2008 HK$
ASSETS AND LIABILITIES		
Current assets		
Available-for-sale financial asset	5	4,370,000,000
Gross contribution receivable from AMA International Limited		50,558,799
Cash on hand		8
		4,420,558,807
Current liabilities		
Payable to Mr. Francisco Xavier Albino		(10,111,760)
Interest payable to A-Max Holdings Limited		(22,006,164)
Loan from A-Max Holdings Limited	6	(1,900,000,000)
		(1,932,117,924)
Net assets		2,488,440,883
EQUITY		
Share capital	7	8
Fair value reserve		2,470,000,000
Retained profit		18,440,875
Total equity		2,488,440,883

3. Statement of Changes in Equity

	Share capital HK$	Fair value reserve *(Note)* HK$	Retained profit HK$	Total HK$
Issue of new ordinary share	8	–	–	8
Charge in fair value of available-for-sale financial asset	–	2,470,000,000	–	2,470,000,000
Profit for the period	–	–	18,440,875	18,440,875
Balance at 31 January 2008	8	2,470,000,000	18,440,875	2,488,440,883

Note: Fair value reserve comprises the cumulative net change in fair value of available-for-sale financial asset held at the balance sheet date and is dealt with in accordance with the accounting policy in note 1(c) under section B headed "Notes to the Financial Information".

4. Cash flow statement

		Period from 16 July 2007 (date of incorporation) to 31 January 2008
	HK$	*HK$*
Cash flows from operating activities		
Profit before income tax	18,440,875	
Increase in contribution receivable from AMA	(50,558,799)	
Increase in amount payable to Mr. Francisco Xavier Albino	10,111,760	
Increase in interest payable	22,006,164	
Net cash generated from operating activities		–
Cash flows from financing activities		
Proceeds from issuance of share capital	8	
Net cash generated from financing activities		8
Net increase in cash and cash equivalents and cash and cash equivalents at 31 January 2008		8

B. 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 Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by Ace High is set out below.

Ace High did not prepare any financial statements previously. This is Ace High's first HKFRS Financial Information and HKFRS 1 has been applied.

The HKICPA issued a number of new and revised HKFRSs that are effective or available for early adoption for the current accounting period of Ace High. For the purposes of preparing this Financial Information, Ace High has adopted all these new and revised HKFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the Relevant Period. The new and revised accounting standards and interpretations issued but not yet effective for the current accounting period of Ace High are set out in note 12.

(b) Basis of preparation of the Financial Information

The Financial Information is presented in Hong Kong dollars ("HK$"). It is presented on the historical cost basis except that available-for-sale financial asset is stated at its fair value as explained in the accounting policy set out in note 1(c) below. Items included in the financial statements of the entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The preparation of the 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, liabilities, income and expenses. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next period are discussed in note 11.

(c) Available-for-sale financial asset

Available-for-sale financial asset is initially recognised at fair value. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except for impairment losses. Income from this financial asset is recognised in profit or loss in accordance with the policy set out in note 1(h). When this financial asset is derecognized or impaired, the cumulative gain or loss previously recognised directly in equity is recognised in the profit or loss.

Available-for-sale financial asset is reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such asset is recognised directly in equity.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

(d) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

(e) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(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.

(g) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Ace High 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 expenditure 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.

(h) Revenue recognition

Provided it is probable that the economic benefits will flow to the Ace High and the revenue and costs, if applicable, can be measured reliably, income from available-for-sale financial asset is recognised when Ace High's right to receive payment is established.

(i) Related parties

For the purposes of the Financial Information, a party is considered to be related to Ace High if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control Ace High or exercise significant influence over Ace High in making finance and operating policy decisions, or has joint control over Ace High;

(ii) Ace High and the party are subject to common control;

(iii) the party is a member of key management personnel of Ace High or Ace High's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(iv) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(v) the party is a post-employment benefit plan which is for the benefit of employees of Ace High or of any entity that is a related party of Ace High.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2. REVENUE AND SEGMENT INFORMATION

Ace High is engaged in financing the business of AMA International Limited ("AMA"), a company incorporated in Macau and which is the holder of a license to develop the activity of promotion of games of chance and other casino games (the "Junket business") issued by the Gaming Inspection and Coordination Bureau of the Macau Government, and receive all profits generated from this junket business of AMA, which was started on 15 December 2007. Turnover represents contributions from AMA relating to the gaming promotion business of AMA in accordance with the First Profit Transfer Agreement (see note 5 below) and the Second Profit Transfer Agreement (see note 5 below). As Ace High is operating in a single business segment in Hong Kong. Accordingly, no segment information is presented.

The revenue and expenses related to the gaming promotion business of AMA International Limited are summarised as follows:

	Period from 15/12/2007 (date of commencement of business) to 31/1/2008
	HK$
Commission from Crown Macau	724,494,540
Income from other promotion services	8,312,976
	732,807,516
Operating expenses	
Special gaming tax and funds to the Macau Government	(5,596,890)
Direct cost of promotion services	(11,547,013)
Commission to sub-junkets	(663,169,150)
Staff cost	(1,831,628)
Administrative expenses and others	(104,036)
	(682,248,717)
Contribution from gaming promotion business	50,558,799
Net entitlements of Mr. Francisco Xavier Albino, a shareholder of Ace High and AMA	(10,111,760)
Net contribution attributable to Ace High (i.e. turnover of Ace High)	40,447,039

3. INCOME TAX IN THE INCOME STATEMENT

Pursuant to the rules and regulations of the British Virgin Islands, Ace High is not subject to any tax in the British Virgin Islands.

No Hong Kong Profits Tax and Macau Income Tax have been made as Ace High had no estimated assessable profits arising in Hong Kong and Macau during the Relevant Period.

No provision for deferred taxation has been made as there were no temporary differences at the balance sheet date.

4. DIRECTORS REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

During the Relevant Period, no employments were paid by Ace High to the director or employees for services rendered or as an inducement to join or upon joining or as a compensation for loss of office. There was no arrangement under which the director of Ace High waived or agreed to waive any remuneration during the Relevant Period.

5. AVAILABLE-FOR-SALE FINANCIAL ASSET

On 10 September 2007, Ace High entered into a loan and share profit agreement (the "First Profit Transfer Agreement") with AMA International Limited ("AMA") whereby Ace High agreed to grant a loan facility up to the maximum aggregate amount of HK$3 billion for the operating capital of AMA to carry out the junket business and AMA has agreed to transfer all profits (the "Profits"), which are generated by AMA from the junket business under the gaming promotion agreement dated 21 August 2007 entered into, inter alia, between AMA and Melco PBL Gaming (Macau) Limited (the "Gaming Operator") which represent the aggregate commissions and bonuses payable by Melco PBL Gaming (Macau) Limited to AMA thereunder after deducting (a) the total commissions and bonuses payable by AMA to its collaborators under the gaming intermediary agreements entered into by AMA with its collaborators, and (b) all the relevant operational and administrative expenses incurred and tax payable to the Macau Government to Ace High. Following the First Profit Transfer Agreement, Ace High and Mr. Francisco Xavier Albino ("Mr. Albino"), a shareholder of Ace High and AMA, made another profit transfer agreement (the "Second Profit Transfer Agreement") relating to the transfer of 20% of the Profits by Ace High to Mr. Albino. Ultimately, only 80% of the Profits will be retained by Ace High in summing the First and Second Profit Transfer Agreements.

On 14 December 2007, Ace High provide HK$1.9 billion under Profit Transfer Agreement to AMA which started its junket business on 15 December 2007.

On 29 April 2008, a supplemental agreement (the "Supplemental Agreement") was entered into between Ace High and AMA such that the term of the First Profit Transfer Agreement is fixed to three years from the date of the Supplemental Agreement and may be renewed at the discretion of Ace High thereafter. Save as disclosed herein, there are no change to the other material terms of the First Profit Transfer Agreement after the entering into of the Supplemental Agreement.

The fair value of available-for-sale financial asset as at 31 January 2008 was measured using the Gordon Growth Model.

Key assumptions used for the fair value measurement:

– Growth rate	8.00%
– Discount rate	19.49%

The fair value measurement was carried out by an independent valuer, Grant Sherman Appraisal Limited, and details of valuation report for the fair value measurement of available-for-sale financial asset are set out in Appendix I to the Circular.

6. LOAN FROM A-MAX HOLDINGS LIMITED

The loan agreement dated 23 August 2007 (as amended and supplemented by the extension letters dated 21 September 2007 and 22 October 2007 respectively) entered into between A-Max Holdings Limited ("A-Max") and Ace High (the "Loan Agreement") whereby A-Max agreed to provide a term loan facility in the amount of up to HK$3 billion (the "Loan") to Ace High to enable it to finance the junket business of AMA. On 4 December 2007, Ace High and A-Max signed a confirmation letter to vary the maximum amount of the Loan under the Loan Agreement from up to HK$3 billion to up to HK$2 billion.

On 14 December 2007, Ace High made a drawing of HK$1.9 billion under the Loan Agreement from A-Max so as to finance AMA to start its junket business.

The loan is secured by (i) a share mortgage executed by Mr. Albino, a shareholder of the Ace High, in favour of A-Max relating to the 100% of the total issued share capital of Ace High held by him and (ii) a deed of guarantee executed by Mr. Albino in favour of A-Max.

The loan bears interest at the prime lending rate as quoted by the Hongkong and Shanghai Banking Corporation Limited in Hong Kong from time to time plus 2% per annum. Interest will be payable once ever six months in arrears.

The loan is repayable on A-Max's demand but Ace High is not allowed to early repay the loan or any part thereof.

7. SHARE CAPITAL

	Number of shares	**As at 31 January 2008** *HK$*
Authorised:		
50,000 ordinary shares of US$1 each	50,000	391,000
Issued and fully paid:		
1 ordinary shares of US$1	1	8

Ace High was incorporated in the BVI on 16 July 2007 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each. 1 subscriber share of US$1 was allotted and issued in cash on 16 July 2007.

8. CAPITAL MANAGEMENT

Ace High's objectives of managing capital are to safeguard Ace High's ability to continue as a going concern in order to provide adequate returns for shareholder in the long term and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Ace High may issue new shares or request new loans from A-Max Holdings Limited or sell assets to reduce debt. No changes were made in the objectives, policies or process during the Relevant Period. Management regards total equity as capital, for capital management purpose.

Ace High is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS

Exposure to credit and interest rate risks arises in the normal course of the Ace High's business. These risks are limited by Ace High's financial management policies and practices described below.

(a) Credit risk

Credit risk is the potential risk of financial loss resulting from failure of a customer in meeting its financial and contractual obligations to Ace High, as and when they fall due.

Ace High's primary exposure to credit risk arises from its loan to AMA. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, Ace High does not obtain collateral from customers.

(b) Interest rate risk

Ace High's interest rate risk arises primarily from loan from A-Max. Refer to note 6 for more details.

(c) Fair values

All financial assets and liabilities are carried at amounts not materially different from their values at 31 January 2008 as they are either short-term in nature or reprievable.

10. SUBSEQUENT EVENTS

No significant events have taken place subsequent to 31 January 2008.

11. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ace High did not adopt any critical accounting estimates and judgements in the preparation of the Financial Information and the estimates and judgements used did not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

12. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIOD

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Period and which have not been adopted in these financial statements.

Ace High is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Ace High's results of operations and financial position.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Ace High have been prepared in respect of any period subsequent to 31 January 2008.

Yours faithfully,
CCIF CPA Limited
Certified Public Accountants
Yau Hok Hung
Practising Certificate Number P04911

For illustrative purpose only, set out below is the unaudited pro forma financial information of A-Max Holdings Limited and its subsidiaries (the "Group") after completion of the acquisition of Ace High Group Limited ("Ace High") prepared for the purpose of incorporation in this circular. The unaudited pro forma financial information is prepared in accordance with paragraph 4.29(1) of the Listing Rules to illustrate the effect of such acquisition on the Group's financial information.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

Introduction to the unaudited pro forma financial information

The accompanying unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of the Enlarged Group (the Group together with Ace High (as defined herein)) has been prepared to illustrate the effect of the proposed acquisition (the "Acquisition") of 99.99% equity interest in Ace High Group Limited ("Ace High"), including the unaudited pro forma combined income statement and unaudited pro forma combined cash flow statement for the year ended 31 March 2007, which gives effect to the Acquisition as if the Acquisition had been completed on 1 April 2006, and the unaudited pro forma combined balance sheet prepared based on the consolidated balance sheet of the Group as at 31 March 2007 and the balance sheet of Ace High as at 31 January 2008, which gives effect to the Acquisition as if the Acquisition had been completed on 31 March 2007.

The unaudited pro forma combined income statement and unaudited pro forma combined cash flow statement of the Enlarged Group are prepared based upon the audited consolidated income statement and audited consolidated cash flow statement of the Group for the year ended 31 March 2007 as set out in Appendix II to this circular and the audited income statement and audited cash flow statement of Ace High for the period ended 31 January 2008 as set out in Appendix III to this circular after incorporating the unaudited pro forma adjustments described in the accompanying notes. The unaudited pro forma combined balance sheet of the Enlarged Group is prepared based upon the consolidated balance sheet of the Group as at 31 March 2007 as set out in Appendix II to this circular and the audited balance sheet of Ace High as at 31 January 2008 as set out in Appendix III after incorporating the unaudited pro forma adjustments described in the accompanying notes. A narrative description of the unaudited pro forma adjustments of the Acquisition that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Enlarged Group; and (iii) factually supportable, are summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31 March 2007, or the results and cash flows of the Enlarged Group that would have been attained had the Acquisition been completed on 1 April 2006. Further, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position, results or cash flows.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix II to this circular, the financial information of Ace High as set out in Appendix III to this circular and other financial information included elsewhere in this circular.

1. Unaudited pro forma combined income statement for the year ended 31 March 2007

	Audited consolidated income statement of the Group for the year ended 31 March 2007	Audited income statement of Ace High for the period ended 31 January 2008	Pro forma adjustment	Note	Unaudited pro forma combined income statement of the Enlarged Group for the year ended 31 March 2007
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Continuing operations:					
Turnover	65,326	40,447			105,773
Cost of sales	(57,310)	–			(57,310)
Gross profit	8,016	40,447			48,463
Other revenue	1,154	–			1,154
Gain on disposal of property, plant and equipment	13	–			13
Selling and distribution expenses	(4,032)	–			(4,032)
General and administrative expenses	(28,434)	–			(28,434)
Reduction in provision for other payables	9,184	–			9,184
(Loss)/profit from operations	(14,099)	40,447			26,348
Finance costs	(53,054)	(22,006)	22,006	*(d)*	(53,054)
Share of (loss)/profit of an associate	(57,673)	–			(57,673)
Gain on disposal of subsidiaries	14,123	–			14,123
(Loss)/profit before taxation	(110,703)	18,441			(70,256)
Income tax	(7)	–			(7)
(Loss)/profit for the year from continuing operations	(110,710)	18,441			(70,263)
Discontinued operation:					
(Loss)/profit for the year from discontinued operation	(7,990)	–			(7,990)
(Loss)/profit for the year	(118,700)	18,441			(78,253)
Attributable to:					
Equity shareholders of the Company	(118,659)	18,441			(78,212)
Minority interests	(41)	–			(41)
(Loss)/profit for the year	(118,700)	18,441			(78,253)

See accompanying notes to the Unaudited Pro Forma Financial Information of the Enlarged Group.

2. Unaudited pro forma combined balance sheet

	Audited consolidated balance sheet of the Group as at 31 March 2007	Audited balance sheet of Ace High as at 31 January 2008	Pro forma adjustments		Unaudited pro forma combined balance sheet of the Enlarged Group as at 31 March 2007
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Non-current assets					
Property, plant and equipment	17,876	–			17,876
Intangible assets	67,821	–			67,821
Investment in Ace High	–	–	50,000	*(b)*	–
			(50,000)	*(c)*	
Interest in an associate	2,454,597	–			2,454,597
	2,540,294	–			2,540,294
Current assets					
Inventories	5,540	–			5,540
Trade and other receivables	44,199	50,559			94,758
Cash and cash equivalents	57,757	–	50,000	*(a)*	107,757
			1,900,000	*(a)*	
			(50,000)	*(b)*	
			(1,850,000)	*(c)*	
Available-for-sale financial asset	–	4,370,000			4,370,000
	107,496	4,420,559			4,578,055
Current liabilities					
Trade and other payables	(42,004)	(32,118)	22,006	*(d)*	(52,116)
Current taxation	(7)	–			(7)
Loan from the Company	–	(1,900,000)	50,000	*(b)*	–
			1,850,000	*(c)*	
	(42,011)	(1,932,118)			(52,123)
Net current assets	65,485	2,488,441			4,525,932
Total assets less current liabilities	2,605,779				7,066,226
Non-current liabilities					
Borrowings	(53,985)	–			(53,985)
Promissory notes	(791,878)	–			(791,878)
	(845,863)	–			(845,863)
Net asset	1,759,916	2,488,441			6,220,363
CAPITAL AND RESERVES					
Share capital	11,205	–	15,385	*(a)*	26,590
			50,000	*(b)*	
			(50,000)	*(c)*	
Reserves	1,748,384	2,488,441	1,934,615	*(a)*	6,193,446
			22,006	*(d)*	
Total equity attributable to equity shareholders	1,759,589	–			6,220,036
Minority interests	327	–			327
TOTAL EQUITY	1,759,916	2,488,441			6,220,363

See accompanying notes to the Unaudited Pro Forma Financial Information of the Enlarged Group.

3. Unaudited pro forma combined cash flow for the year ended 31 March 2007

	Audited consolidated cash flow statement of the Group for the year ended 31 March 2007	Audited cash flow statement of Ace High for the period ended 31 January 2008	Pro forma adjustments		Pro forma the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Net cash used in operating activities	(29,545)	–			(29,545)
Net cash used in investing activities	(22,041)	–			(22,041)
Net cash from financing activities	104,592	–	1,950,000	*(a)*	154,592
			(1,900,000)	*(b)*	
Net increase in cash and cash equivalents	53,006	–			103,006
Cash and cash equivalents at 1 April 2006	4,726	–			4,726
Effect of foreign exchange rate changes	25	–			25
Cash and cash equivalents at 31 March 2007	57,757	–			107,757

See accompanying notes to the Unaudited Pro Forma Financial Information of the Enlarged Group.

4. Notes to the Unaudited Pro Forma Financial Information

(a) Funding of the loan to AMA

The Group raised about HK$1.95 billion by means of a placing and subscription of 15,384,615,000 new ordinary shares of HK$0.001 each of a placing place of HK$0.13 per share to finance the loan granted to AMA through Ace High.

(b) Effect of capitalisation of loan to Ace High from the Company

Pursuant to the loan agreement entered into between the Company and Ace High, the Company can exercise its right to capitalise HK$50,000,000 of the principal amount of loan to Ace High from the Company.

This unaudited pro forma financial information adjustment will not have continuing income statement and cash flow effect on the Enlarged Group, however the final amounts of those adjustments will be determined on the completion date of the Acquisition which may be different from the amounts presented in this Appendix.

(c) Elimination of inter-company balances and share capital of Ace High

The adjustments of HK$1,850,000,000 and HK$50,000,000 represented the elimination of the loan to Ace High from the Company and share capital of Ace High, respectively.

(d) Elimination of inter-company interest

The adjustment represents the elimination of the inter-company interest among Ace High and the Group on combined basis.

The following is the text of comfort letter, 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 VI to this circular, a copy of the following comfort letter is available for inspection.

B. COMFORT LETTER ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

CCIF

CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

16 May 2008

The Directors
A-Max Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information ("the Unaudited Pro Forma Financial Information") of A-Max Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") immediately after the completion of the proposed acquisition of 99.99% equity interest in Ace High Group Limited ("Ace High") by the Company (collectively, the "Enlarged Group") set out in Section (A) in Appendix IV of the circular dated 16 May 2008 (the "Circular"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed acquisition of 99.99% equity interest in Ace High might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the section headed "Introduction to the Unaudited Pro Forma Financial Information" and "Notes to the Unaudited Pro Forma Financial Information" in Section (A) of the Appendix IV of the Circular.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the Unaudited 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 Unaudited 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 Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical 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 of the Enlarged Group as at financial information or any future date; or
- the results and cash flows of the Enlarged Group for the year ended 31 March 2007 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
CCIF CPA Limited
Certified Public Accountants
Yau Hok Hung
Practising Certificate Number P04911

The following is the text of the letters, prepared for the purpose of incorporation in this circular, received from CCIF CPA Limited and the Board respectively in connection with the appraisal of the fair market value of the Loan Agreement.

1. LETTER FROM CCIF CPA LIMITED

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

16 May 2008

The Directors
A-Max Holdings Limited
Room 3043A, Diamond Square
3/F., Shun Tak Centre
200 Connaught Road Central
Hong Kong

Dear Sirs,

Re: The Profit forecast of AMA International Limited

We have reviewed the accounting policies applied and the calculations made in arriving at the forecast of the profit after taxation but before extraordinary items of AMA International Limited ("**AMA**") for the 12-months period from 1 February 2008 to 31 January 2009 (the "**Forecast**"), for which the directors of AMA are solely responsible. The Forecast has been prepared by the directors of AMA based on the annualized historical results as derived from the management accounts of AMA for the period from 15 December 2007 (date of the commencement of its business) to 31 January 2008 which was referred by Grant Sherman Appraisal Limited, an independent valuer, to make an appraisal of the fair market value as of 31 January 2008 of a loan agreement entered into between Ace High Group Limited and AMA on 23 August 2007.

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled in accordance with the assumptions made by the directors of AMA as set out in Appendix I of the circular of A-Max Holdings Limited dated 16 May 2008 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by AMA.

Yours faithfully,
CCIF CPA Limited
Certified Public Accountants
Yau Hok Hung
Practising Certificate Number P04911

2. LETTER FROM THE BOARD

16 May 2008

The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Sirs,

Company: A-Max Holdings Limited (the "Company")

Subject: Profit Forecast Confirmation

We refer to the announcement of the Company dated 20 February 2008 and the circular of the Company dated 16 May 2008 in relation to, among other matters, the Capitalisation and the Continuing Connected Transaction. Reference is made to the valuation (the "**Valuation**") prepared by Grant Sherman Appraisal Limited (the "**Valuer**") in relation to the appraisal of the fair market value of a loan agreement between Ace High Group Limited ("**Ace High**") and AMA International Limited ("**AMA**") on 23 August 2007.

We understand that according to Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Valuation is regarded as a profit forecast (the "**Profit Forecast**") under the Listing Rules.

We have made enquiries and discussed with the Valuer and AMA on the basis and assumptions, including the Profit Forecast under Rule 14.61 of the Listing Rules, upon which the Valuation has been made. We hereby confirm our view that the Profit Forecast have been made by the directors of the Company and AMA after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
A-Max Holdings Limited
Cheung Nam Chung, Brian
Chairman

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

Authorised:	*HK$*
4,000,000,000 ordinary Consolidated Shares	40,000,000.00
Issued and fully paid:	*HK$*
2,658,889,728 ordinary Consolidated Shares	26,588,897.28

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Name of Director	**Number or attributable number of Consolidated Shares or underlying Consolidated Shares held or short positions**	**Nature of interests**	**Approximate percentage or attributable percentage of shareholding** *(%)*
Cheung Nam Chung Brian *(Note 1)*	4,530,000 (L)	Beneficial owner	0.17%
Chan Ying Tat *(Note 1)*	16,693,000 (L)	Beneficial owner	0.63%
Chan Chi Yuen *(Note 1)*	5,500,000 (L)	Beneficial owner	0.21%
Lam Cheok Va *(Note 1)*	1,000,000 (L)	Beneficial owner	0.04%
Li Wing Sze *(Note 1)*	5,500,000 (L)	Beneficial owner	0.21%
Chan Chiu Hung Alex	20,000 (L)	Beneficial owner	0.0007%

L: Long Position

Notes:

1. Other than the 30,000 Consolidated Shares held by Mr. Cheung Nam Chung, Brian, the 7,693,000 Consolidated Shares held by Mr. Chan Ying Tat and the 1,000,000 Consolidated Shares held by Mr. Chan Chi Yuen, these interests represent the underlying Shares the Directors are entitled to subscribe upon exercise of the share options granted to the Directors under the share option scheme adopted by the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was 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 meetings of any member of the Enlarged Group:

Name of Shareholder	Number or attributable number of Consolidated Shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding
			(%)
Janus Capital Management LLC	422,518,500 (L)	Beneficial owner	15.89%

L: Long Position

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was 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 meetings of any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL CONTRACTS

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

(a) the placing agreement dated 10 October 2006 entered into between Lippo Securities Limited and the Company in relation to the placing of two lots of 586,412,155 new Shares each;

(b) the sale and purchase agreement dated 12 February 2007 entered into between Profit Goal Holdings Limited and Ms. He Liqiu relating to Profit Goal Holdings Limited's transfer of the entire issued share capital of Keview Technology (BVI) Limited to Ms. He Liqiu at the consideration of HK$50 million;

(c) the sale and purchase agreement dated 14 March 2007 entered into between Greek Mythology and the Company relating to the Company's acquisition of the entire issued share capital of Jadepower Limited at the consideration of HK$48 million;

(d) the sale and purchase agreement dated 30 March 2007 entered into between Ms. Chen and the Company relating to the Company's acquisition of the entire issued share capital of Thousand Ocean Investments Limited at the consideration of HK$20 million;

(e) the rights assignment agreement dated 22 May 2007 entered into between Ms. Chen and Thousand Ocean Investments Limited relating to the acquisition by Thousand Ocean Investments Limited of the operation rights to 5 gaming tables at the high roller gaming area in the Greek Mythology Casino at the consideration of HK$20 million;

(f) the Loan Agreement;

(g) the conditional placing agreement dated 17 October 2007 (as supplemented by the supplementary agreement entered into on 4 December 2007) entered into between the Company and CLSA Limited as placing agent in relation to the placing of an aggregate of 15,384,615,000 placing Shares at the placing price of HK$0.13 per placing Share;

(h) the extension letters dated 21 September 2007 and 22 October 2007 respectively entered into between the Company and Ace High relating to extension of the deadline for fulfillment or waiver of the conditions precedent under the Loan Agreement; and

(i) the Capitalisation Notice.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. EXPERTS

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
Grant Sherman Appraisal Limited	Professional valuer
CCIF CPA Limited	Certified Public Accountants
Hantec	Licensed corporation under the SFO

Each of Grant Sherman Appraisal Limited, CCIF CPA Limited and Hantec has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Grant Sherman Appraisal Limited, CCIF CPA Limited and Hantec does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. LITIGATION

Save as disclosed, no member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2007, being the date to which the latest published audited financial statements of the Group was made up.

9. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

10. MISCELLANEOUS

(a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Enlarged Group.

(b) As at the Latest Practicable Date, neither Grant Sherman Appraisal Limited, CCIF CPA Limited and Hantec nor any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 March 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal places of business of the Company in Hong Kong are at Room 3043A, Diamond Square, 3rd Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong and Units 11-12, 32nd Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong respectively.

(d) Tricor Secretaries Limited, the branch share registrar and transfer office of the Company in Hong Kong is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The company secretary and qualified accountant of the Company is Mr. Chan Chi Yuen who is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and is an associate member of the Institute of Chartered Accountants in England and Wales.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on Business Days 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 from the date of this circular up to and including 12 June 2008 and at the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(c) the written consents of the experts referred to in the paragraph headed "Experts" in this Appendix;

(d) the valuation report from Grant Sherman Appraisal Limited, the text of which is set out in Appendix I to this circular;

(e) the accountants' report on Ace High prepared by CCIF CPA Limited, the text of which is set out in Appendix III to this circular;

(f) the comfort letter from CCIF CPA Limited in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(g) the annual reports of the Company for each of the two financial years ended 31 March 2006 and 31 March 2007;

(h) the letter from the Independent Board Committee, the text of which is set out on page 26 of this circular;

(i) the letter of advice from Hantec to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 28 to 44 in this circular;

(j) the letters relating to discounted cash flow assumptions, the text of which is set out on pages 145 to 146 in this circular; and

(k) the circular of the Company dated 5 November 2007 in relation to the VSA.

A-MAX HOLDINGS LIMITED
奧瑪仕控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of A-Max Holdings Limited (the "**Company**") to be held at Room 3203, 32/F., Strategic Financial Relations Limited, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 12 June 2008 at 5:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, with the resolutions numbered 1 and 2 to be taken by way of a poll:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the capitalisation notice (the "**Capitalisation Notice**") dated 11 February 2008 executed by the Company in relation to the capitalisation (the "**Capitalisation**") of a sum of HK$50,000,000 of the loan (the "**Loan**") granted pursuant to the loan agreement (the "**Loan Agreement**") dated 23 August 2007 (as amended and supplemented by the extension letters dated 21 September 2007 and 22 October 2007 respectively) entered into between the Company and Ace High Group Limited ("**Ace High**") into 9,999 shares (the "**Capitalised Ace High Shares**") of US$1.00 each in the issued share capital of Ace High, representing 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation (a copy of which is marked "A" and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) and all the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and

   (b) the directors (the "**Directors**") of the Company be and are hereby authorised to do all such acts and things and execute all documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Capitalisation and the transactions contemplated thereunder."

2. "**THAT**

   (a) the transaction (the "**Continuing Connected Transaction**") as a result of the provision of finance by Ace High to AMA International Limited ("**AMA**") and/or Ms. Chen Mei Huan ("**Ms. Chen**") pursuant to the profit transfer agreement (the "**First Profit Transfer Agreement**") made between AMA and Ace High on 10

* *for identification purpose only*

September 2007 (as supplemented by a supplemental agreement dated 29 April 2008) and the profit transfer agreement (the "**Second Profit Transfer Agreement**") made between Ace High and Mr. Francisco Xavier Albino ("**Mr. Albino**") dated 10 September 2007 (a copy of which is marked "B" and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) and all the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and

(b) the Directors be and are hereby authorised to do all such acts and things and execute all documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Continuing Connected Transaction and the transactions contemplated thereunder."

SPECIAL RESOLUTION

3. "**THAT** subject to and conditional upon the approval of the Registrar of Companies in Bermuda being obtained, the name of the Company be and is hereby changed (the "**Proposed Name Change**") from "A-Max Holdings Limited" to "AMax Entertainment Holdings Limited" and upon the name change becoming effective, the new Chinese name "澳瑪娛樂控股有限公司" will be adopted to replace "奧瑪仕控股有限公司" for identification purpose only with effect from the day of the entry of the new name on the register maintained by the Registrar of Companies in Bermuda, and the Directors be and are hereby authorised to do all such acts and things and execute all documents they consider necessary or expedient to give effect to the Proposed Name Change."

By order of the Board
A-Max Holdings Limited
Cheung Nam Chung, Brian
Chairman

Hong Kong, 16 May 2008

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

Head office and principal place of business in Hong Kong:
Room 3043A
Diamond Square
3/F., Shun Tak Centre
200 Connaught Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.