



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007**

The board of directors (the “Directors”) of A-Max Holdings Limited (the “Company”) is pleased to report the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the period ended 30 September 2007*

	<i>Notes</i>	<b>2007</b> <i>HK\$'000</i> <b>Unaudited</b>	<b>2006</b> <i>HK\$'000</i> <b>Unaudited</b> <b>(Restated)</b>
<b>Continuing operations</b>			
<b>Turnover</b>	3	<b>132,223</b>	34,287
Cost of sales		<b>(110,149)</b>	(34,642)
<b>Gross profit/(loss)</b>		<b>22,074</b>	(355)
Other revenue	4	<b>937</b>	738
Selling and distribution expenses		<b>(2,322)</b>	(792)
General and administrative expenses		<b>(13,604)</b>	(8,503)
<b>Profit/(loss) from operations</b>	5	<b>7,085</b>	(8,912)
Finance costs	6	<b>(28,304)</b>	(13,392)
Share of (loss)/profit of an associate			
Share of operating profit of an associate	10	<b>46,322</b>	67,476
Share of amortisation of intangible asset of an associate	10	<b>(89,038)</b>	(62,375)
		<b>(42,716)</b>	5,101
Gain on disposal of subsidiaries		<b>13,522</b>	–
<b>Loss before taxation</b>		<b>(50,413)</b>	(17,203)
Income tax	7	<b>–</b>	–
<b>Loss for the period from continuing operations</b>		<b>(50,413)</b>	(17,203)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	8	<b>(306)</b>	(1,019)
<b>Loss for the period</b>		<b>(50,719)</b>	(18,222)

	<i>Notes</i>	<b>2007</b> <b>HK\$'000</b> <b>Unaudited</b>	2006 <i>HK\$'000</i> Unaudited (Restated)
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(51,708)</b>	(18,209)
Minority interests		<b>989</b>	(13)
		<hr/>	<hr/>
<b>Loss for the period</b>		<b>(50,719)</b>	(18,222)
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss per share – basic</b>	9		
From continuing and discontinued operations		<b>HK(0.46) cents</b>	HK(0.36) cents
		<hr/>	<hr/>
From continuing operations		<b>HK(0.46) cents</b>	HK(0.34) cents
		<hr/>	<hr/>
From discontinued operation		–	HK(0.02) cents
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED BALANCE SHEET***As at 30 September 2007*

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

## 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	Total HK\$'000 Unaudited
	LCD products HK\$'000 Unaudited	Gaming and entertainment HK\$'000 Unaudited	Sub-total HK\$'000 Unaudited	LCD consumer products HK\$'000 Unaudited	
<b>Revenue</b>					
Revenue from external customers	<u>24,381</u>	<u>107,842</u>	<u>132,223</u>	<u>18</u>	<u>132,241</u>
<b>Results</b>					
Segment results	<u>(2,107)</u>	<u>13,235</u>	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			<u>(50,413)</u>	<u>(306)</u>	<u>(50,719)</u>

For the six months ended 30 September 2006

	Continuing operations			Discontinued operation		Total HK\$'000 Unaudited
	LCD products HK\$'000 Unaudited	Gaming and entertainment HK\$'000 Unaudited	Sub-total HK\$'000 Unaudited	LCD consumer products HK\$'000 Unaudited	Inter- segment eliminations HK\$'000 Unaudited	
<b>Revenue</b>						
Revenue from external customers	33,857	427	34,284	206	–	34,493
Inter-segment revenue*	3	–	3	–	(3)	–
<b>Total</b>	<b>33,860</b>	<b>427</b>	<b>34,287</b>	<b>206</b>	<b>(3)</b>	<b>34,493</b>
<b>Results</b>						
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
<b>Loss for the period</b>			<b>(17,203)</b>	<b>(1,019)</b>	<b>–</b>	<b>(18,222)</b>

\* 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 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited
<b>Segment revenue</b>								
Revenue from external customers	10,059	103,944	197	1,498	314	14,976	1,253	132,241
Attributable to discontinued operation	–	–	(18)	–	–	–	–	(18)
<b>Revenue from continuing operations</b>	<b>10,059</b>	<b>103,944</b>	<b>179</b>	<b>1,498</b>	<b>314</b>	<b>14,976</b>	<b>1,253</b>	<b>132,223</b>

For the six months ended 30 September 2006

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

### 3. TURNOVER

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

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

### 4. OTHER REVENUE

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

	<b>2007</b> <i>HK\$'000</i> <b>Unaudited</b>	2006 <i>HK\$'000</i> Unaudited
<b>Continuing operations:</b>		
Interest income from banks	<b>792</b>	1
Rental income	<b>72</b>	496
Sundry income	<b>73</b>	241
	<u><b>937</b></u>	<u>738</u>
<b>Discontinued operation:</b>		
Sundry income	–	174
	<u>–</u>	<u>174</u>
	<u><b>937</b></u>	<u>912</u>

## 5. PROFIT/(LOSS) FROM OPERATIONS

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

	2007 <i>HK\$'000</i> Unaudited	2006 <i>HK\$'000</i> Unaudited (Restated)
<b>(a) Staff costs (including directors' remuneration):</b>		
<b>Continuing operations:</b>		
Salaries, wages and other benefits	7,021	5,187
Contributions to defined contribution retirement plans	54	40
	<u>7,075</u>	<u>5,227</u>
<b>Discontinued operation:</b>		
Salaries, wages and other benefits	–	45
Contributions to defined contribution retirement plans	–	–
	<u>–</u>	<u>45</u>
	<u><b>7,075</b></u>	<u><b>5,272</b></u>
	2007 <i>HK\$'000</i> Unaudited	2006 <i>HK\$'000</i> Unaudited (Restated)
<b>(b) Other items:</b>		
<b>Continuing operations:</b>		
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	<u>110,149</u>	<u>34,642</u>
<b>Discontinued operation:</b>		
Amortisation of land lease premium	–	51
Cost of sales	<u>84</u>	<u>715</u>
<b>6. FINANCE COSTS</b>		
	2007 <i>HK\$'000</i> Unaudited	2006 <i>HK\$'000</i> Unaudited
<b>Continuing operations:</b>		
Interest on bank advances and other borrowings wholly repayable within five years	588	389
Interest on convertible notes	–	52
Interest on promissory notes	<u>27,716</u>	<u>12,951</u>
	<b>28,304</b>	<b>13,392</b>
<b>Discontinued operation:</b>		
Interest on borrowings wholly repayable within five years	<u>181</u>	<u>527</u>
	<u><b>28,485</b></u>	<u><b>13,919</b></u>



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

## 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 <i>HK\$'000</i> Unaudited	Net profit <i>HK\$'000</i> Unaudited	Revenues <i>HK\$'000</i> Unaudited	Net profit <i>HK\$'000</i> Unaudited
100 per cent	<u>153,600</u>	<u>92,829</u>	<u>197,320</u>	<u>135,222</u>
Group's effective interest	<u>76,646</u>	<u>46,322</u>	<u>98,463</u>	<u>67,476</u>

- (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 <i>HK\$'000</i> Unaudited	31 March 2007 <i>HK\$'000</i> 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	<u>366</u>	<u>1,398</u>
	<b>8,963</b>	8,601
Other receivables	<u>80,760</u>	35,598
	<u><b>89,723</b></u>	<u>44,199</u>

## 12. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

	<b>30 September 2007 HK\$'000 Unaudited</b>	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
	<hr/>	<hr/>
	13,947	16,317
Other payables	19,264	25,687
	<hr/>	<hr/>
	<b>33,211</b>	<b>42,004</b>

## 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

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

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 allotted 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Significant Events and Developments**

Macau has become the world’s top gaming destination in terms of gaming revenue. In the first three quarters this year, its overall gross gaming revenues rose by a staggering 47% on a year-on-year basis, within which approximately 67% was attributable to VIP gaming. VIP gaming has been the main driver for this boom, itself having grown by approximately 53% during the corresponding period.

Nevertheless, on the supply side, the deregulation of the gaming industry has resulted in six gaming license holders competing against each other along with a much larger supply of gaming infrastructure and facilities. As far as the license holders are concerned, the industry landscape is no longer an oligopoly. It is outright competition. In our opinion, the recent opening of MGM Grand on 18 December 2007 will likely spark off another round of fierce competition between them.

Against this backdrop, intermediaries such as junket operators or junkets have enjoyed much more bargaining power than ever before, particularly in the VIP segment whereby the junket intermediation service is practically indispensable. Over the last year, this has resulted in a massive shift of the economic split favoring gaming intermediaries.

To capitalize on the opportunities arising from this new paradigm, the Group has undergone a transformational change by its recent foray into the highly profitable junket aggregation business in Macau.

Subject to regulatory approvals, the Group will, by virtue of a series of profit transfer agreements, be entitled to 80% of the profits of AMA International Limited (“AMA”). The business model of AMA is different to those of other junket operators in Macau. Instead of dealing directly with junkets and/or gaming customers, AMA aggregates the business of altogether eight of the largest junket operators (also referred to as “collaborators”) and deals directly with the Crown Macau Casino (“Crown Macau”). Crown Macau is owned and operated by NASDAQ listed Melco PBL Entertainment (Macau) Limited (Ticker: MPEL, “Melco PBL”) which is an associated company of Hong Kong listed Melco International Development Limited (200 HK).

AMA is expected to receive a commission of 1.35% on rolling chip volume generated for Crown Macau, of which around 1.21% is paid to its collaborators. As per the Company's Circular dated 5 November 2007, the total amount of monthly rolling chip volume committed by the eight collaborators amounts to HK\$77.4 billion. Based on July 2007 figures, this is equivalent to approximately 51% of the entire VIP gaming market in Macau. By capturing a sizeable share of the market, the new junket aggregation business will completely transform the Group's earnings profile and is set to benefit from the fast-growing Macau VIP gaming market.

In December 2007, the Group completed a placement of approximately 15,384.6 million new shares to international institutional investors and successfully raised net proceeds of approximately HK\$1.95 billion. The successful fund-raising provides us with the necessary working capital to fund the junket aggregation business in Macau.

According to the Disclosure of Interests published by the Hong Kong Stock Exchange as of 4 December 2007, institutional shareholding of the Group has drastically increased. For example, Janus Capital Management LLC<sup>1</sup> now owns 16.3% of the Group and TIAA-CREF Investment Management, LLC<sup>2</sup> has a stake of 2.7% in the Group.

The junket aggregation business kicked off with a strong start at Crown Macau on 15 December 2007. Rolling chip volume generated by AMA so far has been more than satisfactory and strongly indicated that we are on track to realize this highly lucrative business model. The Group expects strong profitability growth going forward.

<sup>1</sup> **Janus Capital Management LLC** is a subsidiary of Janus Capital Group Inc. (Ticker: JNS), which is listed on the New York Stock Exchange with a market capitalization of approximately US\$5.7 billion. As of 30 September 2007, Janus Capital Group's subsidiaries managed assets worth of US\$208 billion.

<sup>2</sup> **TIAA-CREF** is the leading provider of retirement services in the academic, research, medical and cultural fields with more than US\$437 billion in combined assets under management as of 30 September 2007.

## Financial and Business Review

During the period under review, the Group was engaged in two business streams: (i) Gaming and Entertainment Business, and (ii) Manufacturing Business. To capitalize on the fast-growing Macau gaming market, the Group will focus on the highly profitable gaming and entertainment business in the years to come.

Loss for the period amounted to approximately HK\$50.7 million for the six months ended 30 September 2007, as compared to a loss of HK\$18.2 million over the same period last year. However, stripping out the non-cash and non-operating items, the Group actually recorded net profit of approximately HK\$52.5 million for the six months ended 30 September 2007.

	<b>Six months ended 30 September 2007 HK\$'000 Unaudited</b>
Loss for the period as per Consolidated Income Statement	(50,719)
<b>Add:</b> Non-cash and non-operating items	
Notional interest cost on promissory notes*	27,716
Share of amortization of intangible asset of an associate**	89,038
<b>Less:</b> Gain on disposal of subsidiaries***	(13,522)
	<hr/>
<b>Profit for the period after stripping out non-cash and non-operating items</b>	<b>52,513</b>
	<hr/> <hr/>

\* In March 2006, the Group issued non-interest bearing promissory notes as part of the consideration for the acquisition of Greek Methodology. The Group does not actually pay any interest on the non-interest bearing promissory notes. The notional interest expense is calculated merely for accounting purposes in compliance with HKAS 32.

\*\* Amortization of intangible asset arose from the write-off of goodwill arising from the acquisition of Greek Methodology in March 2006.

\*\*\* A gain of HK\$13.5 million was made from the disposal of the consumer products business in June 2007.

## ***Gaming and Entertainment Business***

### *VIP Room Management (“Junket Operation”)*

During the period under review, Group has entered into an agreement with Sociedade de Jogos de Macau (“SJM”) to run a VIP room in the Greek Mythology Casino via a profit sharing arrangement. The Group recorded gross revenue of HK\$104 million and net profit of HK\$11 million from this operation for the six months ended 30 September 2007.

Going forward, the Group intends to explore more of these arrangements with other casinos.

### *Share of operating profit of an associate (“Greek Mythology Casino”)*

The Group operates the Greek Mythology Casino in Macau under the SJM license via its 49.9%-owned Greek Mythology (Macau) Entertainment Group Corporation Limited (“Greek Mythology”). The Greek Mythology Casino has approximately 100 mass market tables, 16 VIP tables and 200 slot machines.

Upon the completion of acquisition of additional interest in Greek Mythology on 28 March 2006, the Group’s interest in Greek Mythology increased from approximately 19.9% to 49.9%. As a result, Greek Mythology had been accounted for as an associated company of the Group for the period.

During the period under review, Greek Mythology recorded gross revenue of HK\$153.6 million (six months ended 30 September 2006: HK\$197.3 million), representing a decrease of approximately 22% over the same period last year. Net operating profit was HK\$92.8 million for the six months ended 30 September 2007 (six months ended 30 September 2006: HK\$135.2 million). The Group’s share of operating profit of Greek Mythology amounted to HK\$46.3 million for the six months ended 30 September 2007 (six months ended 30 September 2006: HK\$67.5 million).

The drop in contributions from Greek Mythology was primarily due to intensifying competition from newly opened casinos in Macau. Nevertheless, thanks to effective marketing strategies, the property has continued to be profitable.

## ***Manufacturing Business***

During the period under review, the manufacturing business recorded a turnover of HK\$24.4 million (six months ended 30 September 2006: HK\$33.9 million), representing a decrease of 28% over the same period last year. The decrease was due to the disposal of the consumer products business in June 2007, and the fading out of those low-margin LCD products. A gain of HK\$13.5 million was made from the disposal of the consumer products business. As far as the Group’s overall strategy is concerned, the manufacturing business is a legacy business and the Group will continue to downscale this segment in due course.

## **Outlook**

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.

We 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.

Whilst maximizing returns to our shareholders remains our primary objective, the Group is equally committed to upholding the highest standards of corporate governance and internal control systems.

## **Liquidity and Financial Resources**

The Group finances its business operations and investments with internal resources, cash revenues generated from operating activities and short-term bank borrowings.

As of 30 September 2007, total assets of the Group were HK\$2,584.5 million (31 March 2007: HK\$2,647.8 million) which were financed by shareholders' funds of HK\$1,707.9 million (31 March 2007: HK\$1,759.6 million), minority interests of HK\$1.3 million (31 March 2007: HK\$0.3 million), current liabilities of HK\$33.2 million (31 March 2007: HK\$42.0 million), and non-current liabilities of HK\$842.1 million (31 March 2007: HK\$845.9 million).

The Group's current ratio, expressed as current assets over current liabilities, was maintained at a satisfactory level of 2.88 time (31 March 2007: 2.56 time).

The gearing ratio calculated as a ratio of total borrowings to shareholders' funds, was approximately 49% (31 March 2007: 48%).

## **Share Capital Structure**

There was no changes in the share capital structure of the Company during the period ended 30 September 2007.

Subsequent to the balance sheet date on 13 December 2007, a total of 15,384,615,000 new shares of the Company of HK\$0.001 each were allotted and issued at a placing price of HK\$0.13 each. The Company raised a net proceed of approximately HK\$1.95 billion through the placement of new shares for its development in the VIP gaming business in Macau.

## **Major Acquisition and Disposal of Subsidiaries**

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.

## **Interim Dividend**

The Directors do not recommend any interim dividend for the six months ended 30 September 2007 (2006: Nil).



## **Employees and Remuneration Policy**

As at 30 September 2007, the Group employed a total of approximately 400 employees in Hong Kong, Macau and the PRC. They were remunerated according to the nature of jobs and market conditions. Other employee benefits available for eligible employees included period-end payment, staff canteen, retirement schemes, share option and medical insurance scheme.

## **Foreign Exchange and Currency Risks**

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

## **Contingent Liabilities**

As at 30 September 2007, the Company had no significant contingent liabilities.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There was no purchase, redemption or sale by the Company nor any of its subsidiaries of the Company's listed securities during the period ended 30 September 2007.

## **AUDIT COMMITTEE**

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

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

## **REMUNERATION COMMITTEE**

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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



## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2007, save and except that the non-executive directors of the Company are not appointed for specific terms but subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company. As such, the Directors consider that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less than exacting than those in the Code.

On behalf of the Board  
**Cheung Nam Chung, Brian**  
*Chairman*

Hong Kong, 20 December 2007

*As at the date of this statement, the Board comprises Cheung Nam Chung, Brian, Chan Ying Tat, Ted, Chan Chi Yuen, Lam Cheok Va, Francis and Li Wing Sze as the executive directors as well as Chan Chiu Hung, Alex, Lee Tsz Hong and Ng Wai Hung as the independent non-executive directors.*

\* *For identification purpose only*