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 China Rise International Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

CHINA RISE INTERNATIONAL HOLDINGS LIMITED
華晉國際控股有限公司*

(formerly known as Anex International Holdings Limited)
(Incorporated in Bermuda with limited liability)
(Stock code: 723)

VERY SUBSTANTIAL DISPOSAL AND PROPOSED RE-ELECTION OF RETIRING DIRECTORS

A notice convening a special general meeting of China Rise International Holdings Limited to be held at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387-397 Queen's Road East, Wanchai, Hong Kong at 10:00 a.m. on Tuesday, 29 January 2008 is set out on pages 119 to 120 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the enclosed 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 Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting should you so wish.

* *For identification purpose only*

14 January 2008

CONTENTS

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

"1st Sale Loan"	all amounts owing by Antec Appliances (including its subsidiary) to the Company as at the Completion Date
"1st Sale Loan Consideration"	the consideration of HK$1 for the 1st Sale Loan
"1st Sale Shares"	2 Shares of HK$1.00 each in Antec Appliances, representing 100% of the issued share capital of Antec Appliances
"1st Sale Shares Consideration"	the consideration of HK$1 for the 1st Sale Shares
"2nd Sale Loan"	all amounts owing by Anex Electrical (including its subsidiary) to the Company as at the Completion Date
"2nd Sale Loan Consideration"	the consideration of HK$1 for the 2nd Sale Loan
"2nd Sale Shares"	90 Shares (with voting rights) of HK$100 each and 30,000 Shares (without voting rights) of HK$100 each, in aggregate, represents 100% of the issued share capital of Anex Electrical
"2nd Sale Shares Consideration"	the consideration of HK$1 for the 2nd Sale Shares
"Acquisition Agreement"	the conditional agreement dated 28 November 2007 entered into between the Company, Pure Hope Development Limited and Mr. Yam Tak Cheung in relation to the acquisition of the entire shareholding interest in Ling Kit Holding Limited. Details of which is disclosed in the announcement of the Company dated 7 December 2007
"Agreement"	the agreement dated 8 December 2007 entered into between the Company, the Purchaser, Mr. Li and Ms. Feng in relation to the Disposal
"Antec Appliances"	Antec Appliances Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
"Anex Electrical"	Anex Electrical Company Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
"Asset Revaluation"	the asset revaluation performed by BMI Appraisal Limited, an independent valuer on the furniture and fixtures, machinery and equipment, motor vehicles, moulds and inventories held by Antec Appliances and Anex Electrical on the net realizable value basis as at 30 September 2007

"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	China Rise International Holdings Limited, a company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange
"Completion"	completion of the Disposal pursuant to the Agreement
"Completion Date"	the third business day after the conditions precedent to the Agreements are fulfilled
"Consideration"	HK$4, being the aggregated consideration for the 1st Sale Shares, the 1st Sale Loan, the 2nd Sale Shares and the 2nd Sale Loan
"connected person"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Disposal"	the disposal of its 100% interest in Antec Appliances and Anex Electrical by the Company to the Purchaser pursuant to the Agreement
"Dongguan Factory"	the factory land and buildings together with office and ancillary facilities situated in Anco Industrial Estate, Youganpu, Fenggangzhen, Dougguan, Guangdong Province, the PRC with a gross floor area of approximately 60,000 sq. m.
"Enlarged Group"	The Group as enlarged by completion of the Acquisition Agreement
"Group"	the Company and its subsidiaries
"Guarantor"	Mr. Li and Ms. Feng, both are independent third parties of the Company.
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	11 January 2008, being the latest practicable date prior to the printing of the circular for ascertaining certain information in the circular
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange

"Mr. Li"	Mr. Li Shubo, a shareholder and director of the Purchaser
"Ms. Feng"	Ms. Feng Yunying, a shareholder and director of the Purchaser
"percentage ratio(s)"	the percentage ratio(s) under Rule 14.07 of the Listing Rules
"PRC"	The People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Purchaser"	Ocean Alliance (HK) Limited, a company incorporated in Hong Kong with limited liability and a third party independent of the Company and connected persons of the Company
"SGM"	a special general meeting of the Company to consider the ordinary resolutions (i) to approve the Disposal; and (ii) the proposed re-election of retiring Directors
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
"Warrants"	the warrant(s) issued by the Company on 5 July 2006 which entitle the holder to subscribe for one Share for every one warrant they hold at the subscription price of HK$0.10 at any time during the period between 5 July 2006 and 4 July 2008
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

In this circular, the exchange rate of RMB0.95 to HK$1 was adopted. No representation is made that any amounts in RMB or HK$ have been or could have been or could be converted at the above rate or at any other rates or at all.

CHINA RISE INTERNATIONAL HOLDINGS LIMITED
華晉國際控股有限公司*

(formerly known as Anex International Holdings Limited)
(Incorporated in Bermuda with limited liability)
(Stock code: 723)

Executive Directors:
Mr. Cheng Tun Nei
Dr. Siu Miu Man
Mr. Teoh Tean Chai, Anthony
Ms. Chung Oi Ling, Stella

Non-executive Director:
Ms. Li Wa Hei

Independent non-executive Directors:
Mr. Chan Sun Kwong
Mr. Wu Chi Chiu
Mr. Lo Chi Ho, William

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business:
Room 1606-07 West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

14 January 2008

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND PROPOSED RE-ELECTION OF RETIRING DIRECTORS

INTRODUCTION

On 8 December 2007, the Company entered into the Agreement with the Purchaser to dispose of i) the 1st Sale Shares and the 2nd Sale Shares, representing 100% equity interest in Antec Appliances and Anex Electrical, respectively; and ii) the 1st Sale Loan and the 2nd Sale Loan, representing the entire amounts owing by Antec Appliances and Anex Electrical and their subsidiaries to the Group on the Completion Date, respectively. Antec Appliances and Anex Electrical are principally engaging in the manufacturing and trading of home appliances. Upon Completion, the Group will cease to hold any interest in the share capital of Antec Appliances and Anex Electrical and would have disposed of its entire home appliance manufacturing business.

* *For identification purpose only*

The purpose of this circular is to provide you with further information regarding: (i) the very substantial disposal, among other things, the Agreement; (ii) the accountants' report of the Group; (iii) the proposed re-election of Directors to be retired at the SGM; and (iv) a notice convening the SGM.

THE AGREEMENT DATED 8 DECEMBER 2007

Parties:

Seller:	The Company
Purchaser:	Ocean Alliance (HK) Limited, being an electrical appliance products manufacturer. To the best knowledge and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. The Purchaser is principally engaging in the electrical appliances manufacturing business.
Guarantors:	Mr. Li and Ms. Feng

Assets to be disposed

The 1st Sale Shares and the 2nd Sale Shares, representing 100% equity interests in Antec Appliances and Anex Electrical, respectively. The 1st Sale Loan and the 2nd Sale Loan, representing the entire amounts owing by Antec Appliances and Anex Electrical and their subsidiaries to the Group on the Completion Date, respectively.

Antec Appliances and Anex Electrical are principally engaging in the manufacturing and trading of home appliances. Upon Completion, the Group will cease to hold any interest in the entire issued share capital of Antec Appliances and Anex Electrical and would have disposed of its entire home appliance manufacturing business.

Consideration

The Consideration of HK$4 was arrived at after arm's length negotiations between the Company and the Purchaser with reference to:

i) the aggregated net liabilities for Antec Appliances and Anex Electrical, as adjusted by the Asset Revaluation deficit and provision for severance payment (excluding pledged deposits, accounts receivable collaterals and the interest bearing bank loans to be repaid by the Company prior to Completion), as at 30 September 2007 of approximately HK$3.31 million;

ii) the aggregated net cash outflow of approximately HK$33.70 million, HK$17.63 million and HK$10.00 million (excluding the sales proceeds of the disposal of properties) incurred by Antec Appliances and Anex Electrical for the two years ended 31 March 2006 and 31 March 2007, and six months ended 30 September 2007, respectively; and

iii) the aggregated net loss incurred by Antec Appliances and Anex Electrical of approximately HK$42.25 million, HK$18.76 million and HK$32.44 million for the two years ended 31 March 2006 and 31 March 2007, and six months ended 30 September 2007, respectively.

Upon Completion, the Company would allow the Purchaser to use its Dongguan Factory at nil consideration for a period of 6-month. During the period in use, the Purchaser will be responsible for the government and village committee taxes and expenses incurred for use in respect of the Dongguan Factory. Upon completion of the 6 months period, the Purchaser shall return the Dongguan Factory to the Company in its original condition or a penalty of RMB300,000 (equivalent to HK$315,789) per month shall be payable by the Purchaser to the Company. The arrangement is to allow the Purchaser to have sufficient time for the removal of plant and machinery, inventories and transfer of business to other place of operation. The Purchaser has no intention to purchase the Dongguan Factory owned by Anco Industrial Company Limited (BVI). The Company has no current intention to dispose of Anco Industrial Company Limited (BVI) immediately following Completion.

As a guarantee for the Purchaser to carry out its obligations under the Agreement, the Guarantor will provide personal guarantees to the Company and a pledged guarantee for a period of 30 months from the date of Completion by pledging its 25% interest in the Purchaser with an approximate value of HK$8 million. The Guarantor is interested in 100% equity interest of the Purchaser.

There will be no change in the board composition of the Company upon Completion.

Conditions precedent

Completion will take place on the third business day after the following conditions are fulfilled or such other date as the parties to the Agreement may agree:

(i) upon the Agreement and transactions contemplated thereunder have been approved by the Directors and Shareholders at the SGM;

(ii) upon the Agreement and transactions contemplated thereunder have been approved by the directors of the Purchaser and the shareholders of the Purchaser;

(iii) upon release of the Company as the guarantor for the existing financial leasing arrangements by Antec Appliances and Anex Electrical; and

(iv) execution of the guarantee documents by the Guarantor.

Completion is independent of and not conditional upon completion of the very substantial acquisition as announced by the Company on 7 December 2007. None of the above conditions are waivable in the event that any of the above conditions precedent shall not have been fulfilled on or before 29 February 2008 (or such later date as the parties to the Agreement may agree in writing), the Agreement shall forthwith terminate.

Non-competition undertaking

The Company and its associates has undertaken to the Purchaser that, within six months upon Completion, except with the prior consent of the Purchaser, the Company and its associates will not engage in any home appliance manufacturing business that would directly or indirectly compete with the Purchaser's home appliance manufacturing business.

INFORMATION RELATING TO ANTEC APPLIANCES AND ANEX ELECTRICAL

Antec Appliances and Anex Electrical are principally engaging in the manufacture and trading of home appliances. The unaudited combined financial information of Antec Appliances and Anex Electrical prepared in accordance with the Hong Kong Financial Reporting Standards for the two years ended 31 March 2006 and 2007 and for the six months ended 30 September 2007 are as follows:

	For the year ended 31 March		For the six months ended 30 September
	2006	**2007**	**2007**
	HK$ million	*HK$' million*	*HK$ million*
Turnover	182.32	203.01	62.31
Net loss before taxation and extraordinary items	42.42	18.76	32.44
Net loss after taxation and extraordinary items	42.25	18.76	32.44

	As at 31 March		As at 30 September
	2006	**2007**	**2007**
	HK$ million	*HK$' million*	*HK$ million*
Net assets value (Excluded entire amounts owing by Antec Appliances and Anex Electrical and their subsidiaries to the group)	51.81	29.98	14.02
Net liabilities	91.85	111.50	144.20

The aforesaid unaudited combined net assets value of HK$14.02 million of Antec Appliances and Anex Electrical as at 30 September 2007 after adjusting for (i) the Asset Revaluation deficit of approximately HK$17.28 million and provision for severance payment of approximately HK$3.99 million; and (ii) the exclusion of pledged deposits of approximately HK$4.28 million, accounts receivable collaterals of approximately HK$5.13 million and the interest bearing bank loans of approximately HK$13.35 million to be repaid by the Company prior to Completion, would have amounted to a net liabilities of approximately HK$3.31 million as at 30 September 2007.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the design and manufacture of home appliances, trading of merchandises, building materials supply and installation, and property development business.

As stated in the annual and interim reports of the Company, due to keen competition of home appliances manufacturing business, the substantial increases in the essential raw materials costs, the gradual raise of labour cost in the PRC and the appreciation of Renminbi, the Group's home appliances business has recorded consecutive losses in recent years, and with an average annual net cash outflow of approximately HK$24.52 million for the last two years ended 31 March 2007 and the six months ended September 2007. Given the continued unfavourable market conditions, the Directors continue to believe the prospects of the home appliances manufacturing business to remain difficult in coming years. Based on the historical performance, the prevailing keen competition, the limited business prospects of the home appliances manufacturing business and its net realizable value (as stated below), the Group has been reformulating its business strategies to effect the Disposal so as to direct the Group's resources and the management's focus to other business including the mining business recently announced, which the Directors regard would have a more promising business prospects.

The Group expects to realize an estimated loss of approximately HK$21.9 million (before taxation and expenses) from the Disposal which is calculated based on (i) the Consideration of HK$4; and (ii) the carrying value of Antec Appliances and Anex Electrical (excluding pledged deposits, accounts receivable collaterals and including repayment of the interest bearing bank loans by the Company) recorded in the consolidated audited balance sheet of the Group as at 30 September 2007 of approximately HK$21.9 million. The assets to be disposed amounted to approximately HK$69.45 million; as well as the liabilities which amounted to approximately HK$55.43 million as at 30 September 2007 per the Company's accounts. Nonetheless, the Board considers that this one-off estimated loss is justifiable in light of i) the consecutive loss and the annual net cash outflow incurred by Antec Appliances and Anex Electrical in recent years and up to date, with no signs of improvement in near terms; ii) the adjusted net liabilities of Antec Appliances and Anex Electrical, as at 30 September 2007 of approximately HK$3.31 million after adjusting for the Asset Revaluation, provision for severance payment and exclusion of the pledged deposit, accounts receivable collaterals and the interest bearing bank loans to be repaid by the Company prior to Completion; and iii) the Disposal would minimize any further depletion of assets of the Group and to preserve the Group's working capital for the development of other businesses including the mining business as announced on 7 December 2007. Based on the aforesaid adjusted net liabilities of Antec Appliances and Anex Electrical as at 30 September 2007 (before the provision for severance payment), the estimated loss from the Disposal would have reduced to approximately HK$0.62 million.

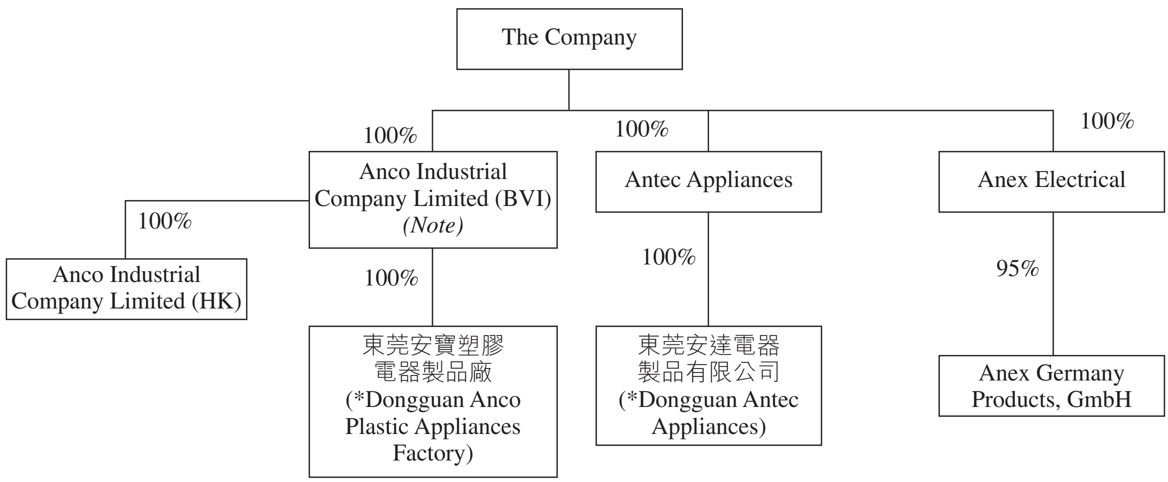
The Company has commenced negotiation with the Purchaser since early November 2007. However, it was only following the announcement of the very substantial acquisition on 7 December 2007 that the Directors have determined to consummate this negotiation for this Agreement with the Purchaser and entered into the Agreement on 8 December 2007. Upon Completion, the design and manufacturing of home appliance business segment of the Group will be terminated, while the remaining business of the Group will comprise the building materials supply and installation which accounted for approximately 42.1% of the Company's turnover and contributed substantially to the gross profit of the Group for the six months ended 30 September 2007 and property development business and interests in the mining and processing business of magnesite ore in the PRC as described in the announcement of the Company dated 7 December 2007. The Directors consider that such acquisition will enable the Group to participate in the mining industry in the PRC and would broaden the Group's revenue base. The Directors have no present intention to dispose of its building materials supply and installation and property development business segments.

As stated in the Company's announcement dated 7 December 2007, the Board believes that apart from the industry prospects of the building materials supply and installation and property development business, the Company will also focus in the magnesite mining industry in the PRC, which would have a greater growth and earnings potential than those of the home appliances manufacturing business.

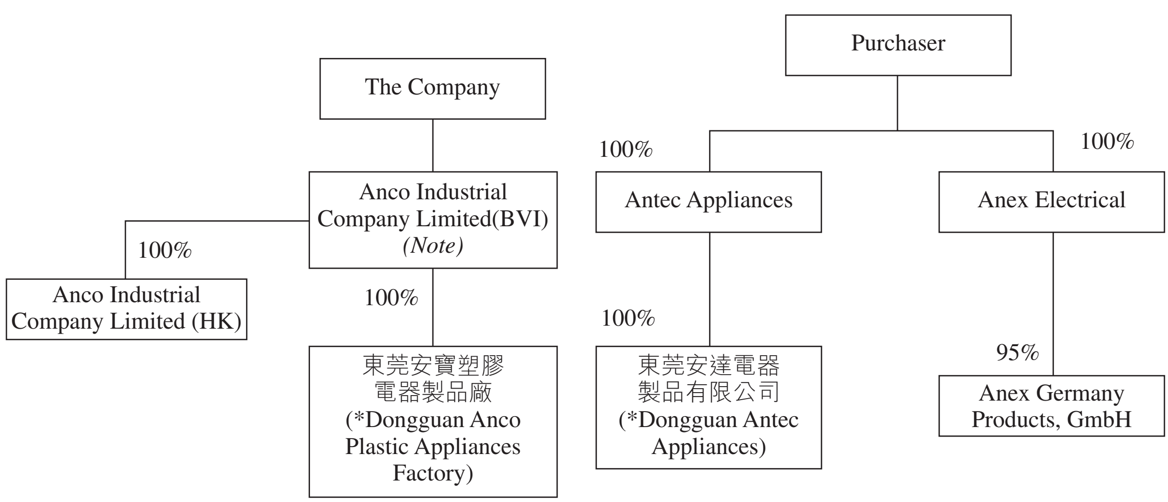
SHAREHOLDING STRUCTURE

The shareholding structures of the Group in respect of the home appliance manufacturing division before and after the Completion are as follows:

Before the Completion:



After the Completion of the Disposal:



Note: Anco Industrial Company Limited (BVI) holds the buildings and land use right of Dongguan Factory.

* *for identification purpose only*

FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP

The unaudited pro forma financial information of the Remaining Group, which illustrates the financial effects of the Disposal on the Group's earnings, assets and liabilities, is set out in Appendix III to this circular.

The Group expects to realize an estimated loss of approximately HK$21.9 million (before taxation and expenses) from the Disposal which is calculated based on (i) the Consideration of HK$4; and (ii) the carrying value of Antec Appliances and Anex Electrical (excluding pledged deposits, accounts receivable collaterals and including repayment of the interest bearing bank loans by the Company) recorded in the consolidated audited balance sheet of the Group as at 30 September 2007 of approximately HK$21.9 million.

Based on the Group's audited consolidated income statement for the six months ended 30 September 2007 as set out in Appendix I to this circular, the loss attributable to the Shareholders was approximately HK$50.25 million. As set out in Appendix III 1. Unaudited Pro Forma Consolidated Income Statement to this circular, assuming the Completion had taken place on 1 April 2007, the loss attributable to the Shareholders after the completion of the Disposal, would amount to approximately HK$53.45 million.

Based on the Group's audited consolidated balance sheet as at 30 September 2007 as set out in Appendix I to this circular, the Group's total assets and total liabilities were approximately HK$380.09 million and HK$111.15 million, respectively. As set out in Appendix III 3. Unaudited Pro Forma Consolidated Balance Sheet to this circular, assuming the Completion had taken place on 30 September 2007, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group would amount to approximately HK$320.06 million and HK$70.80 million, respectively after the completion of the Disposal.

LISTING RULES IMPLICATIONS

As the relevant percentage ratio as defined in the Listing Rules exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules and is subject to approval of the Shareholders at the SGM. The Purchaser and its ultimate beneficial owners have no prior transaction or relationship with the Group that requires aggregation under Rule 14.22 of the Listing Rules. The Company has no change in control (as defined in the Takeovers Code) in the last 24 months prior to entering into the Agreement.

As the Purchaser is independent of the Company and its connected persons and no Shareholder has a material interest in the Agreement which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the relevant resolution to approve the Disposal at the SGM.

PROPOSED RE-ELECTION OF DIRECTORS

According to Bye-law 86(2), any Director appointed by the Board to fill a casual vacancy shall hold office only until the next following general meeting of the Company after his or her appointment and shall be eligible for re-election at that meeting. The following Directors were each appointed by the Board after the annual general meeting of the Company dated 31 August 2007 and are required to retire at the upcoming SGM in accordance with Bye-law 86(2). Each of the Directors below, being eligible, will offer himself or herself for re-election at the SGM.

Pursuant to the Listing Rules, the details of the Directors proposed to be re-elected at the SGM are provided as below:

Mr. Teoh Tean Chai, Anthony ("Mr. Teoh"), aged 49, was appointed as an executive director of the Company on 31 August 2007 and is responsible for corporate development and investor relations. Mr. Teoh holds a master's degree in Business Administration from the University of East Asia, Macau. Prior to joining the Group, Mr. Teoh held the position of Research Director in a Hong Kong listed financial company. He has over 20 years' experience in investment research and held senior positions in a number of international investment banks.

On 7 May 2007, Mr. Teoh was publicly reprimanded by Securities and Futures Commission and fined HK$105,000 in connection with his activities as a registered securities dealer and advisor as well as the head of research of South China Research Limited ("South China") relating to the securities of which a South China research report had recommended and were offered in an initial public offering sponsored by South China Capital Limited and co-led by South China Securities Limited in underwriting the allotment.

Mr. Teoh does not have service contract with the Company and is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Mr. Teoh is remuneration as a Director has been determined by the Board to be HK$80,000 per month with reference to the Company's performance, profitability and the remuneration policy and guidelines adopted by the remuneration committee of the Company.

Ms. Chung Oi Ling, Stella ("Ms. Chung"), aged 45, was appointed as an executive director of the Company on 31 August 2007. Ms. Chung holds a Bachelor Degree in Accounting and Banking from Chu Hai College, Hong Kong. She has more than fifteen years of extensive experience in administration, personnel and sales & marketing. She currently is the executive director of Artfield Group, a company listed on the Main Board of the Hong Kong Stock Exchange.

Ms. Chung does not have service contract with the Company and are subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Ms. Chung's remuneration as a Director has been determined by the Board to be HK$40,000 per month with reference to the Company's performance, profitability and the remuneration policy and guidelines adopted by the remuneration committee of the Company.

Mr. Lo Chi Ho, William ("Mr. Lo"), aged 41, was appointed as an independent non-executive director of the Company on 31 August 2007. Mr. Lo has obtained Chartered Accountant qualification in the U.K. and is a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Lo holds an honour Bachelor's degree in Chemical Engineering and Fuel Technology from Sheffield University, the U.K. Mr. Lo has over 18 years of accounting and corporate finance experience working as senior management in international accounting firms in the U.K. and Hong Kong, multinational consumable goods company, international investment banks and was formerly a director of Paul Y. Engineering Group Limited, a company listed on the Main Board of the Stock Exchange. He is also an independent director of China Spacesat Technology Co. Ltd., an A-Share company listed on the Shanghai Stock Exchange and an independent non-executive director of China Motion Telecom International Limited, a company listed on the Main Board of the Stock Exchange. Currently Mr. Lo is also the Chief Executive Officer and an executive director of Sino Gas Group Limited, a company listed on the Main Board of the Stock Exchange.

Mr. Lo does not have service contract with the Company and are subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Mr. Lo's remuneration has been determined by the Board to be HK$100,000 per annum with reference to the remuneration policy and guidelines adopted by the remuneration committee of the Company.

Mr. Wu Chi Chiu, aged 44, was appointed as an independent non-executive director of the Company on 31 August 2007. Mr. Wu is an experienced investor in local property and equity investment market. Mr. Wu holds a Bachelor of Science degree from the University of Toronto. He has over 15 years of experience in the field of property investment and development in Hong Kong and securities investment in local equity market. He currently is the chief executive officer and an executive director of China Motion Telecom International Limited, a company listed on the Main Board of the Stock Exchange.

Mr. Wu does not have service contract with the Company and are subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Mr. Wu's remuneration has been determined by the Board to be HK$100,000 per annum with reference to the remuneration policy and guidelines adopted by the remuneration committee of the Company.

Save as disclosed above, Mr. Teoh, Ms. Chung, Mr. Lo and Mr. Wu have not held any directorships in other listed companies in the past three years and neither of them have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company nor do they have any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2) (v) of the Rules Governing the Listing of Securities on the Stock Exchange in relation to the re-election of Mr. Teoh, Ms. Chung, Mr. Lo and Mr. Wu.

SPECIAL GENERAL MEETING

As the relevant percentage ratio as defined in the Listing Rules exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is therefore subject to the approval by the Shareholders. The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the agreement and the transactions contemplated thereunder. As the Purchaser is independent of the Company and its connected persons and no Shareholder has a material interest in the Agreement which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the relevant resolution to approve the Disposal at the SGM.

The notice of the SGM and the form of proxy are enclosed in this circular. You are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person at the SGM should you so wish.

PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Bye-law 66 sets out the procedure by which a poll may be demanded:

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll demanded (before or after the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll). A poll may be demanded by:

(i) the chairman of such meeting; or

(ii) at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

(iii) a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(iv) a member or members present in person or in the case of a member being a corporation by its duly authorized 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 Shares conferring that right.

RECOMMENDATION

Having considered the terms of the Agreement and the above reasons for and benefits of the Disposal, the Board (including the independent non-executive Directors) is of the view that the terms of the Agreement are of normal commercial terms and are fair and reasonable and, is in the interests of the Company and the Shareholders as a whole. The Board also considers that the proposed re-election of retiring Directors is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions at the SGM to approve the Agreement and the re-election of retiring Directors.

GENERAL

Completion of the Agreement is conditional upon fulfillment of the conditions set out above. The issue of this circular does not indicate the Agreement will be successfully implemented and completed.

Yours faithfully,
For and on behalf of
China Rise International Holdings Limited
Cheng Tun Nei
Chairman

ACCOUNTANTS' REPORT ON THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion 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

14 January 2008

The Directors
China Rise International Holdings Limited

Dear Sirs,

We set out below our report on the financial information regarding China Rise International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for each of the three years ended 31 March 2005, 2006 and 2007 and for the six months ended 30 September 2007 (the "Relevant Period"), prepared on the basis set out in Note 2 of Section B below, for the inclusion in the circular (the "Circular") issued by the Company dated 14 January 2008 in connection with a very substantial disposal resulting from the proposed disposal of the entire 100% equity interest in Antec Appliances Limited ("Antec Appliances") and Anex Electrical Company Limited ("Anex Electrical") and entire amounts owing by Antec Appliances and Anex Electrical to the Group, pursuant to the Agreement dated 8 December 2007 entered into between Ocean Alliance (HK) Limited, an independent third party incorporated in Hong Kong and the Company (the "Disposal"). The comparative unaudited financial statements of the Group for the six months ended 30 September 2006 (the "Comparative Financial Information") was prepared on the same basis for the purpose of this report.

The Company was incorporated in Bermuda as an exempted company with limited liability on 30 April 1991 under the Companies Act 1981 of Bermuda (as amended). During the Relevant Period, the principal activity of the Company was investment holding.

We have acted as the auditor of the Company and have audited the consolidated financial statements of the Group for the years ended 31 March 2006 and 2007 and for the six months ended 30 September 2007. Ernst & Young have acted as the auditor of the Company and have audited the consolidated financial statements of the Group for the year ended 31 March 2005.

The financial information as set out in this report, including the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements of the Group for each of the Relevant Period, and the consolidated balance sheets of the Group and the balance sheets of the Company as at 31 March 2005, 2006 and 2007 and 30 September 2007 together with the notes thereto (the "Financial Information") has been prepared based on the audited financial statements of the Group in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), the collective terms of which include 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"), after making such adjustments as are appropriate. The Financial Information also includes the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and the 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 the 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 examination, on the Financial Information and to report our opinion solely to you.

Procedures Performed in Respect of the Relevant Period

For the purpose of this report, we have examined the audited financial statements of the Group for each of the Relevant Period and have carried out additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA.

No financial statements of the Group for accounting periods beginning after 30 September 2007 have been audited.

Procedures Performed in Respect of the Six Months Ended 30 September 2006

For the purpose of this report, we have also performed a review of the Comparative Financial Information for the six months ended 30 September 2006, for which the directors of the Company are responsible, in accordance with the Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Comparative Financial Information in respect of the six months ended 30 September 2006.

Opinion in Respect of the Relevant Period

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and the Company as at 31 March 2005, 2006 and 2007, and 30 September 2007 and of the consolidated results and consolidated cash flows of the Group for the Relevant Period.

A. FINANCIAL INFORMATION

Consolidated Income Statements

		Year ended 31 March			Six months ended 30 September	
		2005	2006	2007	2006	2007
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
TURNOVER	7	280,937	182,324	209,701	109,603	107,605
COST OF SALES		(224,685)	(166,051)	(194,901)	(98,364)	(106,988)
GROSS PROFIT		56,252	16,273	14,800	11,239	617
OTHER REVENUE	7	2,681	901	5,082	1,931	11,805
Selling and distribution expenses		(17,406)	(14,519)	(15,166)	(9,167)	(6,085)
Administrative expenses		(39,645)	(40,686)	(48,279)	(21,690)	(27,708)
Other operating expenses	9	–	(16,836)	(3,736)	–	(25,420)
PROFIT/(LOSS) FROM OPERATIONS	8	1,882	(54,867)	(47,299)	(17,687)	(46,791)
Finance costs	10	(1,832)	(2,334)	(2,671)	(1,540)	(951)
Share of profit/(loss) of an associate	21(d)	629	(2,874)	(5,544)	171	–
PROFIT/(LOSS) BEFORE TAXATION		679	(60,075)	(55,514)	(19,056)	(47,742)
Income tax	13	(304)	176	131	(94)	(1,012)
PROFIT/(LOSS) FOR THE YEAR/ PERIOD		375	(59,899)	(55,383)	(19,150)	(48,754)
ATTRIBUTABLE TO:						
Equity shareholders of the Company	14	293	(59,736)	(55,027)	(19,160)	(50,249)
Minority interests		82	(163)	(356)	10	1,495
PROFIT/(LOSS) FOR THE YEAR/ PERIOD		375	(59,899)	(55,383)	(19,150)	(48,754)
EARNINGS/(LOSS) PER SHARE						
– Basic	15(a)	0.06 cents	(10.13 cents)	(4.06 cents)	(1.68 cents)	(2.87 cents)
– Diluted	15(b)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Consolidated Balance Sheets

		At 31 March			At 30 September
		2005	2006	2007	2007
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	16	86,189	82,714	89,332	62,166
Investment property	17	–	–	–	11,313
Interest in leasehold land held for own use under operating leases	18	6,006	5,142	4,984	3,660
Goodwill	19	–	–	4,957	4,957
Interest in an associate	21	18,982	16,108	–	–
Note receivable	22	5,105	–	–	–
		116,282	103,964	99,273	82,096
CURRENT ASSETS					
Inventories	23	62,909	34,189	94,304	67,989
Interest in leasehold land held for own use under operating leases	18	158	226	158	121
Trade and other receivables	24	33,618	39,655	48,793	55,633
Pledged deposits		1,001	7,320	12,019	15,175
Cash and cash equivalents	26	8,826	12,242	45,245	159,078
		106,512	93,632	200,519	297,996
CURRENT LIABILITIES					
Bank loans and overdrafts	27	19,044	23,903	26,877	21,485
Trade and other payables	29	54,450	58,202	90,036	67,871
Provision for taxation	30	–	–	4,015	1,955
Finance lease payables	31	678	1,116	1,657	1,386
		74,172	83,221	122,585	92,697
NET CURRENT ASSETS		32,340	10,411	77,934	205,299
TOTAL ASSETS LESS CURRENT LIABILITIES		148,622	114,375	177,207	287,395
NON-CURRENT LIABILITIES					
Bank loans and overdrafts	27	6,900	–	–	–
Finance lease payables	31	686	935	833	217
Deferred tax liabilities	30	4,309	5,529	18,235	18,235
		11,895	6,464	19,068	18,452
NET ASSETS		136,727	107,911	158,139	268,943

		At 31 March			At 30 September
		2005	**2006**	**2007**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CAPITAL AND RESERVES					
Share capital	32	45,752	76,864	154,492	195,998
Reserves	34(a)	90,700	30,969	(10,253)	57,215
Total equity attributable to equity shareholders of the Company		136,452	107,833	144,239	253,213
Minority interests		275	78	13,900	15,730
TOTAL EQUITY		136,727	107,911	158,139	268,943

Company Balance Sheets

		At 31 March			At 30 September
		2005	2006	2007	2007
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	16	–	189	629	586
Interest in subsidiaries	20	107,494	112,007	110,280	121,199
Interest in an associate	21	923	923	–	–
Note receivable	22	5,105	–	–	–
		113,522	113,119	110,909	121,785
CURRENT ASSETS					
Trade and other receivables	24	387	533	544	1,889
Pledged deposits		–	–	3,600	8,417
Cash and cash equivalents	26	79	1,283	10,369	146,763
		466	1,816	14,513	157,069
CURRENT LIABILITIES					
Trade and other payables	29	206	7,291	255	1,409
Finance lease payables	31	–	–	70	70
		206	7,291	325	1,479
NET CURRENT ASSETS/(LIABILITIES)		260	(5,475)	14,188	155,590
TOTAL ASSETS LESS CURRENT LIABILITIES		113,782	107,644	125,097	277,375
NON-CURRENT LIABILITIES					
Finance lease payables	31	–	–	64	23
NET ASSETS		113,782	107,644	125,033	277,352
CAPITAL AND RESERVES					
Share capital	32	45,752	76,864	154,492	195,998
Reserves	34(b)	68,030	30,780	(29,459)	81,354
TOTAL EQUITY		113,782	107,644	125,033	277,352

Consolidated Statement of Changes in Equity

		Attributable to equity shareholders of the Company										
	Notes	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Distributable reserve HK$'000	Property revaluation reserve HK$'000	Fair value reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated loss) HK$'000	Sub-total HK$'000	Minority interest HK$'000	Total equity HK$'000
At 1 April 2004		45,752	–	2,789	4,995	9,833	–	263	66,171	129,803	176	129,979
Surplus on revaluation		–	–	–	–	4,756	–	–	–	4,756	–	4,756
Deferred tax credited in the revaluation reserve	30(b)	–	–	–	–	1,276	–	–	–	1,276	–	1,276
Exchange realignment		–	–	–	–	–	–	324	–	324	17	341
Net income recognised directly in equity		–	–	–	–	6,032	–	324	–	6,356	17	6,373
Net profit for the year		–	–	–	–	–	–	–	293	293	82	375
At 31 March 2005		45,752	–	2,789	4,995	15,865	–	587	66,464	136,452	275	136,727
At 1 April 2005		45,752	–	2,789	4,995	15,865	–	587	66,464	136,452	275	136,727
Surplus on revaluation		–	–	–	–	1,862	–	–	–	1,862	–	1,862
Deferred tax charged in the revaluation reserve	30(b)	–	–	–	–	(1,220)	–	–	–	(1,220)	–	(1,220)
Exchange realignment		–	–	–	–	–	–	(637)	–	(637)	(34)	(671)
Net income recognised directly in equity		–	–	–	–	642	–	(637)	–	5	(34)	(29)
Revaluation reserve released on disposal		–	–	–	–	(417)	–	–	417	–	–	–
Placement of shares	32(b)(i)	9,151	–	–	–	–	–	–	–	9,151	–	9,151
Rights issue	32(c)(i)	21,961	–	–	–	–	–	–	–	21,961	–	21,961
Loss for the year		–	–	–	–	–	–	–	(59,736)	(59,736)	(163)	(59,899)
At 31 March 2006		76,864	–	2,789	4,995	16,090	–	(50)	7,145	107,833	78	107,911

		Attributable to equity shareholders of the Company										
		Share capital	Share premium	Capital reserve	Distributable reserve	Property revaluation reserve	Fair value reserve	Exchange fluctuation reserve	Retained profits/ (accumulated) loss)	Sub-total	Minority interest	Total equity
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006		76,864	–	2,789	4,995	16,090	–	(50)	7,145	107,833	78	107,911
Surplus on revaluation		–	–	–	–	9,105	–	–	–	9,105	–	9,105
Rights issue expenses		–	–	–	(2,779)	–	–	–	–	(2,779)	–	(2,779)
Fair value adjustment		–	–	–	–	–	8,783	–	–	8,783	–	8,783
Deferred tax charged in the revaluation reserve	30(b)	–	–	–	–	(1,892)	–	–	–	(1,892)	–	(1,892)
Property revaluation reserve		–	–	–	–	(27)	–	–	–	(27)	27	–
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	–	13,831	13,831
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	(10)	(10)
Exchange realignment		–	–	–	–	–	–	615	–	615	330	945
Net income recognised directly in equity		–	–	–	(2,779)	7,186	8,783	615	–	13,805	14,178	27,983
Revaluation reserve released on disposal		–	–	–	–	(709)	–	–	709	–	–	–
Rights issue	32(c)(ii)	76,864	–	–	–	–	–	–	–	76,864	–	76,864
Bonus warrants	32(d)(i)	764	–	–	–	–	–	–	–	764	–	764
Loss for the year		–	–	–	–	–	–	–	(55,027)	(55,027)	(356)	(55,383)
At 31 March 2007		154,492	–	2,789	2,216	22,567	8,783	565	(47,173)	144,239	13,900	158,139
At 1 April 2007		154,492	–	2,789	2,216	22,567	8,783	565	(47,173)	144,239	13,900	158,139
Placement of shares	32(b)(ii)	30,700	122,800	–	–	–	–	–	–	153,500	–	153,500
Share issue expenses		–	(5,972)	–	–	–	–	–	–	(5,972)	–	(5,972)
Issue shares by exercising bonus warrants	32(d)(ii)	10,806	–	–	–	–	–	–	–	10,806	–	10,806
Exchange realignment		–	–	–	–	–	–	889	–	889	335	1,224
Net income recognised directly in equity		41,506	116,828	–	–	–	–	889	–	159,223	335	159,558
Revaluation reserve released on disposal		–	–	–	–	(1,370)	–	–	1,370	–	–	–
Net loss for the period		–	–	–	–	–	–	–	(50,249)	(50,249)	1,495	(48,754)
At 30 September 2007		195,998	116,828	2,789	2,216	21,197	8,783	1,454	(96,052)	253,213	15,730	268,943

		Attributable to equity shareholders of the Company										
		Share capital	Share premium	Capital reserve	Distributable reserve	Property revaluation reserve	Fair value reserve	Exchange fluctuation reserve	Retained profits/ (accumulated) loss)	Sub-total	Minority interest	Total equity
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reserves retained by:												
Company and subsidiaries		45,752	–	2,789	4,995	15,865	–	587	48,405	118,393	275	118,668
An associate		–	–	–	–	–	–	–	18,059	18,059	–	18,059
At 31 March 2005		45,752	–	2,789	4,995	15,865	–	587	66,464	136,452	275	136,727
Company and subsidiaries		76,864	–	2,789	4,995	16,090	–	(50)	(8,040)	92,648	78	92,726
An associate		–	–	–	–	–	–	–	15,185	15,185	–	15,185
At 31 March 2006		76,864	–	2,789	4,995	16,090	–	(50)	7,145	107,833	78	107,911
Company and subsidiaries		154,492	–	2,789	2,216	22,567	8,783	565	(47,173)	144,239	13,900	158,139
An associate		–	–	–	–	–	–	–	–	–	–	–
At 31 March 2007		154,492	–	2,789	2,216	22,567	8,783	565	(47,173)	144,239	13,900	158,139
Company and subsidiaries		195,998	116,828	2,789	2,216	21,197	8,783	1,454	(96,052)	253,213	15,730	268,943
An associate		–	–	–	–	–	–	–	–	–	–	–
At 30 September 2007		195,998	116,828	2,789	2,216	21,197	8,783	1,454	(96,052)	253,213	15,730	268,943

For the six months ended 30 September 2006 (unaudited)

	Share capital	Capital reserve	Distributable reserve	Property revaluation reserve	Exchange fluctuation reserve	Retained profits/ (accumulated losses)	Total	Minority interest	Total equity
	HK'000	*HK'000*	*HK'000*	*HK'000*	*HK'000*	*HK'000*	*HK'000*	*HK'000*	*HK'000*
At 1 April 2006	76,864	2,789	4,995	16,090	(50)	7,145	107,833	78	107,911
Net loss for the period	–	–	–	–	–	(19,160)	(19,160)	10	(19,150)
Rights issue	76,864	–	–	–	–	–	76,864	–	76,864
Rights issue expenses	–	–	(2,779)	–	–	–	(2,779)	–	(2,779)
Exchange realignments	–	–	–	–	83	–	83	5	88
At 30 September 2006	153,728	2,789	2,216	16,090	33	(12,015)	162,841	93	162,934

Consolidated Cash Flow Statements

	Notes	Year ended 31 March			Six months ended 30 September	
		2005	2006	2007	2006	2007
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before taxation		679	(60,075)	(55,514)	(19,056)	(47,742)
Adjustments for:						
Amortisation of land lease premium		176	142	149	71	66
Finance costs		1,832	2,334	2,671	1,539	951
Share of (profit)/loss of an associate		(629)	2,874	5,544	(171)	–
Interest income		(40)	(120)	(1,326)	(674)	(1,626)
Loss on disposal of a subsidiary		–	–	67	–	–
(Gain)/loss on disposal of property, plant and equipment		(1,533)	2,162	(861)	(16)	(7,074)
Depreciation		10,990	10,634	10,122	5,070	5,101
Write-down and write-off of inventories		–	13,546	4,344	–	–
Impairment losses on trade and other receivables		–	1,723	1,362	–	8,012
Impairment loss on goodwill		–	–	2,327	–	–
Surplus on revaluation of buildings		(428)	–	–	–	–
Impairment losses on property, plant and equipment		–	–	–	–	19,769
Net gain on deemed disposal of inventories		–	–	–	–	(186)
Operating profit/(loss) before changes in working capital		11,047	(26,780)	(31,115)	(13,237)	(22,729)
(Increase)/decrease in inventories		(3,842)	15,174	(12,335)	(7,293)	15,188
Decrease/(increase) in trade and other receivables		12,080	(3,053)	(1,824)	(2,199)	(15,208)
(Decrease)/increase in trade and other payables		(10,824)	2,327	7,953	1,454	(21,914)
Increase/(decrease) in bank loans		1,843	4,307	(559)	–	(3,846)
Cash generated from/(used in) operations		10,304	(8,025)	(37,880)	(21,275)	(48,509)
Tax (paid)/refunded		(304)	176	–	–	(3,072)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		10,000	(7,849)	(37,880)	(21,275)	(51,581)

		Year ended 31 March			Six months ended 30 September	
		2005	2006	2007	2006	2007
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Dividends received from an associate		4,560	–	–	–	–
Payment to acquire property, plant and equipment and land lease premium	35(d)	(3,462)	(4,732)	(4,543)	(3,092)	(457)
Proceeds from disposal of property, plant and equipment		2,196	2,404	2,693	16	12,223
Decrease in amount due from an associate		20,552	–	–	–	–
Decrease in amount due to an associate		(22,760)	–	–	–	–
Net cash outflow from disposal of a subsidiary	35(b)	–	–	(38)	–	–
Net cash inflow/(outflow) from acquisition of subsidiaries	35(a)	–	–	7,191	–	–
Deposit for acquisition of subsidiaries		–	–	–	(18,290)	–
(Increase)/decrease in mould deposits		(6,575)	(6,701)	(5,167)	(1,411)	(751)
Settlement of note receivable		–	4,500	–	–	–
Decrease/(increase) in pledged deposits		1,637	(6,319)	(4,699)	(28)	(3,156)
Interest received		40	120	1,326	674	1,626
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(3,812)	(10,728)	(3,237)	(22,131)	9,485

	Notes	Year ended 31 March 2005 HK$'000	2006 HK$'000	2007 HK$'000	Six months ended 30 September 2006 HK$'000 (Unaudited)	2007 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Placing of shares		–	9,151	–	–	147,530
Net proceeds from rights issue		–	21,961	74,085	74,085	–
Bonus warrants		–	–	764	–	10,806
Repayment of other loans		(3,900)	(5,475)	(325)	2,122	(250)
Interest paid		(1,756)	(2,216)	(2,413)	(1,371)	(888)
Interest element of finance lease payments		(76)	(118)	(258)	(168)	(63)
Capital element of finance lease payments		(769)	(1,206)	(2,036)	(1,133)	(888)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES		(6,501)	22,097	69,817	73,535	156,247
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(313)	3,520	28,700	30,129	114,151
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		8,798	8,826	11,690	11,690	41,160
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		341	(656)	770	88	1,229
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	26	8,826	11,690	41,160	41,907	156,540

B. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Financial Information is prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise design and manufacture of home appliances, trading of merchandise, real estate development and building materials supply and installation. The real estate development and building materials divisions are newly set up during the year ended 31 March 2007.

2. STATEMENT OF COMPLIANCE

The Financial Information 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, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out in Note 3 below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for accounting periods beginning on or after 1 January 2007. For the purpose of preparing and presenting the Financial Information, the Group has adopted all these new and revised HKFRSs that are relevant to its operations throughout the Relevant Period.

Up to the date of issue of this Accountants' Report, the following amendments, new standards and interpretations which not yet effective:

HKAS 23 (Revised)	Borrowing costs[1]
HKFRS 8	Operating Segments[1]
HK (IFRIC) – INT 12	Service concession arrangements[2]
HK (IFRIC) – INT 13	Customer loyalty programmes[3]
HK (IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction[2]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 January 2008.
3 Effective for annual periods beginning on or after 1 July 2008.

These amendments, new standards and interpretations have not been adopted in preparing the Financial Information. The directors anticipate that the adoption of these amendments, new standards and interpretations in the future periods will have no material impact on the Financial Information of the Group.

3. **SUMMARY SIGNIFICANT ACCOUNTING POLICIES**

a) **Basis of preparation of the financial statements**

The Financial Information for the years presented 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 except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– buildings held for own use (see note 3(e)); and

– investment property (see note 3(u))

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 5.

b) **Subsidiaries**

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 with 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.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 3(k) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 3(g)), unless the investment is classified as held for sale.

c) Associates

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 associates for the year, including any impairment loss on goodwill relating to the investment in associates recognised for the year (see note 3(d) and (g)).

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 associates 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 income statement.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 3(g)), unless it is classified as held for sale.

d) 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 3(g)). In respect of associates, 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 investment in associate is recognised immediately in income statement.

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.

e) Property, plant and equipment

The properties held for own use are stated in the balance sheet at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Other items of plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

Changes arising on the revaluation of properties held for own use are generally dealt with in reserves. The only exceptions are as follows:

– when a deficit arises on revaluation, it will be charged to income statement to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

– when a surplus arises on revaluation, it will be credited to income statement to the extent that a deficit on revaluation in respect of that same asset had previously been charged to income statement.

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.

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 income statement on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits.

Depreciation is calculated to write off the cost or valuation 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	Over the unexpired term of lease
Furniture and fixtures	20%
Machinery, engineering and other equipment	10%
Motor vehicles	10%
Moulds	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation 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.

f) 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 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, with the following exceptions:

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Company or Group will obtain ownership of the asset, the life of the asset, as set out in note 3(e). Impairment losses are accounted for in accordance with the accounting policy as set out in note 3(g). Finance charges implicit in the lease payments are charged to income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred. The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

g) Impairment of 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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

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

– investments in subsidiaries and associates; and

– goodwill

If any such indication exists, the asset's recoverable amount is estimated.

– 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 income statement 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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other 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

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. 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 income statement in the year in which the reversals are recognised.

h) Inventories

i) Home appliances manufacturing

Inventories are carried at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, is determined on the first-in, first-out basis. 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 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.

ii) Real estate development

Inventories in respect of real estate development activities are carried at the lower of cost and net realisable value. Cost and net realizable values are determined as follows:

– Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses and an appropriate proportion of overheads. Net realizable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed properties held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

i) Trade, other receivables, deposits and prepayments

Trade, other receivables, deposits and prepayments 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 impairment losses for bad and doubtful debts (see note 3(g)).

j) 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.

k) Trade and other payables

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

l) 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 cost and redemption value being recognised in income statement over the period of the borrowings using the effective interest method.

m) Taxation

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 income statement 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 utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised. 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.

n) Construction contracts

The accounting policy for contract revenue is set out in note 3(p)(ii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the balance sheet under "Trade receivables". Amounts received before the related work is performed are included in the balance sheet, as a liability, as "Other payables and accruals".

o) Financial guarantees issued, provisions and contingent liabilities

i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset, Where no such consideration is received or receivable, an immediate expense is recognised in income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(o)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 3(o)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 3(o)(iii).

iii) Other provisions and contingent liabilities

Provisions are recognised for other 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 nonoccurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

p) 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 income statement as follows:

i) Sale of goods

Revenue is recognised when goods are delivered 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) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method to determine the appropriate revenue to be recognised in a given period. The stage of completion is measured by reference to the gross billing value of contract work to date as compared to the total contract sum receivable under the contract, or the total costs incurred to date to estimated total contract costs for the contract, whichever is the lower.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

iii) Interest income

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

q) 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 income statement.

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, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, 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. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

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.

r) Borrowing costs

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

s) Related parties

For the purpose of these financial statements, parties are 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 or a joint venture in which the Group is a venturer;

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; or

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.

t) 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.

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to income statement as they become payable in accordance with rules of the central pension scheme.

ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

iii) 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.

u) Investment property

Investment proeprties are land and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in income statement.

v) 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 purpose 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 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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank loans, a finance lease, and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and retention receivables and trade payables, which arise directly from its operations.

It is, and has been, throughout the Relevant Period, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

a) Interest rate risk

The Group's borrowings from banks during the Relevant Period will either mature within one year or are repayable on demand and all the bank borrowings bear interest at interest rates with reference to the HIBOR or the prime rate. In view of the Group's short term bank borrowings and the fact that the prime rate in Hong Kong basically changes in line with the HIBOR, the Group's exposure to the risk of changes in market interest rates is minimal.

The following table demonstrates the sensitivity to a reasonable possible change in interest rate, with all other variable held constant, of the Group's loss before taxation (through the impact of floating rate borrowings).

Market indices	**Change in variables**	**Year ended 31 March**			**Six months ended 30 September**	
		2005	**2006**	**2007**	**2006**	**2007**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
HIBOR	+1%	(259)	(234)	(228)	(269)	(189)
HIBOR	-1%	259	234	228	269	189

b) Foreign currency risk

The Group mainly operates in mainland China, the USA, Germany and Hong Kong. Most of the Group's transactions, assets and liabilities are dominated in RMB, United States Dollars, Euro Dollars and Hong Kong Dollars.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group manages its foreign risks by performing regular review and monitoring its foreign exchange exposures.

c) Credit risk

The Group has policies in place to ensure that the sales of products are made to customers with appropriate credit history and the Group performs credit evaluation of its customers. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables, provision for taxation and obligations under finance leases, less cash and cash equivalents. Adjusted capital comprises all components of equity excluding minority interests.

The net debt-to-adjusted capital ratio was 53.4%, 66.7%, 54.2% and Nil% as at 31 March 2005, 2006 and 2007 and 30 September 2007 respectively. In order to maintain or adjust the ratio, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Property, plant and equipment and depreciation

The Group management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

b) Impairment of assets

The Group tests annually whether assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined on the value-in-use calculation. These calculations require use of estimate.

c) Construction contracts

The Group's revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contact, the gross billing to date as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contact work as disclosed in note 25 will not include profit which the Group may eventually realize from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognized in future years as an adjustment to the amounts recorded to date.

d) Write-down/write-off of inventories

Inventories are written down to net realisable value based on an assessment of the realisability of inventories. Write-down/write-off of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-down/write-off of inventories in the periods in which such estimate has been changed.

6. 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.

Business segments

The Group comprises the following main business segments:

Home appliances: the design and manufacture of electrical appliances and trading of merchandise.

Real estate: the development and sale of commercial premises and residential properties.

Building materials: the construction work of building and construction project of building materials.

	Year ended 31 March 2005			
	Home appliances *HK$'000*	**Real estate** *HK$'000*	**Building materials** *HK$'000*	**Consolidated** *HK$'000*
Revenue from external customers	280,937	–	–	280,937
Segment result	1,882	–	–	1,882
Unallocated operating income and expenses				–
Profit from operations				1,882
Finance costs	(1,832)	–	–	(1,832)
Unallocated corporate expenses				629
Income tax				(304)
Profit after taxation				375
ASSETS				
Segment assets	222,794	–	–	222,794
Unallocated corporate assets				–
Consolidated total assets				222,794
LIABILITIES				
Segment liabilities	86,067	–	–	86,067
Unallocated corporate liabilities				–
Consolidated total liabilities				86,067
OTHER INFORMATION				
Depreciation and amortization for the year	11,166	–	–	11,166
Unallocated corporate expenses				–
				11,166
Impairment of				
– trade and other receivables	–	–	–	–
– positive goodwill	–	–	–	–
Significant non-cash expenses				
– write-down of inventories				–
Capital expenditure incurred during the year	10,037	–	–	10,037
Unallocated corporate capital expenditure				–
				10,037

	Year ended 31 March 2006			
	Home appliances	**Real estate**	**Building materials**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	182,324	–	–	182,324
Segment result	(49,415)	–	–	(49,415)
Unallocated operating income and expenses				(5,452)
Loss from operations				(54,867)
Finance costs	(2,080)	–	–	(2,080)
Unallocated corporate expenses				(3,128)
Income tax credit				176
Loss after taxation				(59,899)
ASSETS				
Segment assets	179,296	–	–	179,296
Unallocated corporate assets				18,300
Consolidated total assets				197,596
LIABILITIES				
Segment liabilities	76,798	–	–	76,798
Unallocated corporate liabilities				12,887
Consolidated total liabilities				89,685
OTHER INFORMATION				
Depreciation and amortisation for the year	10,768	–	–	10,768
Unallocated corporate expenses				8
				10,776
Impairment of				
– trade and other receivables	1,723	–	–	1,723
– positive goodwill	–	–	–	–
Significant non-cash expenses				
– write-down of inventories				13,546
Capital expenditure incurred during the year	9,035	–	–	9,035
Unallocated corporate capital expenditure				189
				9,224

	Year ended 31 March 2007			
	Home appliances	Real estate	Building materials	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	203,010	–	6,691	209,701
Segment result	(27,642)	(1,015)	(2,854)	(31,511)
Unallocated operating income and expenses				(15,788)
Loss from operations				(47,299)
Finance costs	(2,427)	–	(8)	(2,435)
Unallocated corporate expenses				(5,780)
Income tax credit				131
Loss after taxation				(55,383)
ASSETS				
Segment assets	184,557	87,871	12,089	284,517
Unallocated corporate assets				15,275
Consolidated total assets				299,792
LIABILITIES				
Segment liabilities	88,937	24,946	9,140	123,023
Unallocated corporate liabilities				18,630
Consolidated total liabilities				141,653
OTHER INFORMATION				
Depreciation and amortisation for the year	10,122	8	12	10,142
Unallocated corporate expenses				129
				10,271
Impairment of				
– trade and other receivables	1,342	–	20	1,362
– positive goodwill	–	–	2,327	2,327
Significant non-cash expenses				
– write-down of inventories				4,344
Capital expenditure incurred during the year	7,908	503	207	8,618
Unallocated corporate capital expenditure				532
				9,150

	Six months ended 30 September 2006 (unaudited)			
	Home appliances	**Real estate**	**Building materials**	**Consolidated**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	109,603	–	–	109,603
Segment result	(10,667)	–	–	(10,667)
Unallocated operating income and expenses				(7,020)
Loss from operations				(17,687)
Finance costs	(1,322)	–	–	(1,322)
Unallocated corporate expenses				(47)
Income tax				(94)
Loss for the period				(19,150)
ASSETS				
Segment assets	188,854	–	–	188,854
Unallocated corporate assets				69,332
Consolidated total assets				258,186
LIABILITIES				
Segment liabilities	93,317	–	–	93,317
Unallocated corporate liabilities				1,935
Consolidated total liabilities				95,252
OTHER INFORMATION				
Depreciation and amortization for the period	5,102	–	–	5,102
Unallocated corporate expenses				43
				5,145
Impairment of				
– property, plant and equipment	–	–	–	–
– mould deposits	–	–	–	–
– trade and other receivables	–	–	–	–
Capital expenditure incurred during the period	5,567	–	–	5,567
Unallocated corporate capital expenditure				–
				5,567

	Six months ended 30 September 2007			
	Home appliances	Real estate	Building materials	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	62,309	–	45,296	107,605
Segment result	(43,026)	(1,907)	6,374	(38,559)
Unallocated operating income and expenses				(8,232)
Loss from operations				(46,791)
Finance costs	(936)	–	(5)	(941)
Unallocated corporate expenses				(10)
Income tax				(1,012)
Loss for the period				(48,754)
ASSETS				
Segment assets	111,094	40,691	27,364	179,149
Unallocated corporate assets				200,943
Consolidated total assets				380,092
LIABILITIES				
Segment liabilities	62,864	15,916	18,629	97,409
Unallocated corporate liabilities				13,740
Consolidated total liabilities				111,149
OTHER INFORMATION				
Depreciation and amortization for the period	5,000	27	13	5,040
Unallocated corporate expenses				127
				5,167
Impairment of				
– property, plant and equipment	19,733	–	–	19,733
– mould deposits	5,513	–	–	5,513
– trade and other receivables	2,499	–	–	2,499
Capital expenditure incurred during the period	1,465	82	9	1,556
Unallocated corporate capital expenditure				8
				1,564

Geographical segments

The following table presents revenue for the Group's geographical segment based on the location of external customers.

	Segment revenue Revenue from external customers				
	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Europe	133,594	90,544	92,769	60,186	24,944
North America	87,058	58,416	69,713	30,060	18,264
South America	16,228	13,760	17,095	6,151	5,367
Asia Pacific	26,389	11,111	13,832	4,773	50,419
Middle East	9,702	5,752	11,423	6,410	6,321
Oceania	7,966	2,741	4,869	2,023	2,290
	280,937	182,324	209,701	109,603	107,605

Carrying amount of segment assets and capital expenditure by location of assets are as follows:

	Segment assets			
	At 31 March			At 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Europe	16,861	4,394	8,941	10,931
North America	11,254	7,483	3,652	–
South America	246	6,001	4,406	1,181
Asia Pacific	193,530	176,911	280,802	366,090
Middle East	514	2,427	1,401	1,890
Oceania	389	380	590	–
	222,794	197,596	299,792	380,092

	Capital expenditure				
	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Europe	120	13	14	10	–
North America	8	–	16	–	–
Asia Pacific	9,909	9,211	9,120	5,557	1,564
	10,037	9,224	9,150	5,567	1,564

7. TURNOVER AND OTHER REVENUE

Turnover represents the net invoiced value of good sold, after allowances for returns and trade discounts and revenue from construction contracts.

An analysis of turnover and other revenue is as follows:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Turnover					
Sales of goods	280,937	182,324	203,010	109,603	62,309
Revenue from construction contracts	–	–	6,691	–	45,296
	280,937	182,324	209,701	109,603	107,605
Other revenue					
Interest income	40	120	1,326	674	1,626
Net gain on deemed disposal of inventories	–	–	–	–	186
Sales of moulds	–	63	–	–	–
Sales of scrap materials	531	333	966	–	859
Gain on disposal of property, plant and equipment	1,533	–	861	–	7,074
Surplus on revaluation of buildings	428	–	–	–	–
Others	149	385	1,929	1,257	2,060
	2,681	901	5,082	1,931	11,805
	283,618	183,225	214,783	111,534	119,410

8. PROFIT/(LOSS) FROM OPERATIONS

The Group's profit/(loss) from operations are arrived at after charging:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
a) Staff costs					
Salaries, wages and other benefits	38,699	33,375	46,647	22,528	19,952
Severance payments	32	2,165	371	144	79
Pension scheme contributions	479	502	609	302	272
	39,210	36,042	47,627	22,974	20,303

	Year ended 31 March			Six months ended 30 September	
	2005	2006	2007	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
b) Other items					
Cost of inventories sold*	224,685	166,051	189,137	98,364	68,989
Depreciation	10,990	10,634	10,122	5,070	5,101
Amortisation of land lease premium	176	142	149	75	66
Minimum lease payments under operating leases for land and buildings (including directors' quarters)	1,008	817	1,737	827	492
Auditor's remuneration					
– audit services	630	390	600	–	–
– other services	–	–	110	110	216
	630	390	710	110	216
Impairment losses on trade receivables	–	13	20	–	2,499
Exchange losses, net	1,747	509	773	138	197
Share of an associate's taxation	220	271	–	–	–

* *Cost of inventories sold includes depreciation of HK$8,455,000, HK$8,088,000, HK$7,789,000, HK$3,884,000, HK$1,477,000 and staff costs of HK$20,637,000, HK$16,163,000, HK$21,251,000, HK$11,420,000, HK$7,880,000 for each of the three years ended 31 March 2005, 2006, 2007 and the six months ended 30 September 2006 and 2007, respectively, the amount of which is also included in the respective total amounts disclosed separately above.*

9. OTHER OPERATING EXPENSES

	Year ended 31 March			Six months ended 30 September	
	2005	2006	2007	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Impairment losses on property, plant and equipment	–	–	–	–	19,733
Impairment loss on goodwill	–	–	2,327	–	–
Impairment losses on mould deposits *(note 24(c))*	–	955	1,342	–	5,513
Write-down of inventories	–	12,964	–	–	–
Loss on disposal of property, plant and equipment	–	2,162	–	–	35
Impairment loss on note receivable	–	755	–	–	–
Loss on disposal of a subsidiary	–	–	67	–	–
Others	–	–	–	–	139
	–	16,836	3,736	–	25,420

10. FINANCE COSTS

	The Group				
	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest on bank loans and other loans wholly repayable within five years	1,756	2,216	2,413	1,372	888
Finance charges on obligations under finance leases	76	118	258	168	63
	1,832	2,334	2,671	1,540	951

11. DIRECTORS' REMUNERATIONS

The emoluments paid or payable to each of the directors for each of the three years ended 31 March 2005, 2006, 2007 and for the six months ended 30 September 2006 and 2007 were as follows:

For the year ended 31 March 2005

	Fees	**Salaries and other benefits**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Chau Kwok Wai	–	702	12	714
Kwok Hon Ching	–	1,820	12	1,832
Kwok Hon Kau, Johnny	–	1,800	12	1,812
Kwok Hon Lam	–	1,932	24	1,956
	–	6,254	60	6,314
Independent non-executive directors				
Chow Cheuk Lap	50	–	–	50
Lee Ho Man, Eric	50	–	–	50
Wong Lung Tak, Patrick	50	–	–	50
	150	–	–	150
	150	6,254	60	6,464

For the year ended 31 March 2006

	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Chau Kwok Wai	–	716	10	726
Cheng Tun Nei	–	168	2	170
Kwok Hon Ching	–	1,120	11	1,131
Kwok Hon Kau, Johnny	–	918	6	924
Kwok Hon Lam	–	1,686	24	1,710
Kwok Chi Hang, Peter	–	420	12	432
Lee Yu Leung	–	233	6	239
Siu Miu Man	–	336	2	338
	–	5,597	73	5,670
Non-executive directors				
To Wing Yee, Janice	10	–	–	10
	10	–	–	10
Independent non-executive directors				
Chan Kwok Wai	23	–	–	23
Chan Sun Kwong	25	–	–	25
Chow Cheuk Lap	50	–	–	50
Chow Nim Sun, Nelson	10	–	–	10
Fung Kwan Yin, James	8	–	–	8
Lee Ho Man, Eric	50	–	–	50
Liu Kam Lung, Peter	10	–	–	10
Tsun Kok Chung, Richard	8	–	–	8
Wong Lung Tak, Patrick	50	–	–	50
Wong Tik Tung	23	–	–	23
	257	–	–	257
	267	5,597	73	5,937

For the year ended 31 March 2007

	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Cheng Tun Nei	–	1,289	12	1,301
Cheng Tze Kit, Larry	–	1,324	12	1,336
Kwok Hon Lam	–	1,564	–	1,564
Kwok Chi Hang, Peter	–	494	–	494
Loo Pak Hong	–	50	–	50
Siu Miu Man	–	2,578	12	2,590
	–	7,299	36	7,335
Non-executive directors				
To Wing Yee, Janice	32	–	–	32
Yeung Chee Tat	61	–	–	61
	93	–	–	93
Independent non-executive directors				
Chan Sun Kwong	180	–	–	180
Chow Nim Sun, Nelson	120	–	–	120
Fung Kwan Yin, James	60	–	–	60
	360	–	–	360
	453	7,299	36	7,788

For the six months ended 30 September 2006 (unaudited)

	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Cheng Tun Nei	–	600	6	606
Cheng Tze Kit, Larry	–	247	2	249
Kwok Hon Lam	–	722	–	722
Kwok Chi Hang, Peter	–	228	–	228
Loo Pak Hong	–	50	–	50
Siu Miu Man	–	1,200	6	1,206
	–	3,047	14	3,061
Non-executive directors				
To Wing Yee, Janice	32	–	–	32
Yeung Chee Tat	11	–	–	11
	43	–	–	43
Independent non-executive directors				
Chan Sun Kwong	90	–	–	90
Chow Nim Sun, Nelson	60	–	–	60
Fung Kwan Yin, James	30	–	–	30
	180	–	–	180
	223	3,047	14	3,284

For the six months ended 30 September 2007

	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Cheng Tun Nei	–	600	6	606
Cheng Tze Kit, Larry	–	900	10	910
Kwok Hon Lam	–	1,323	10	1,333
Kwok Chi Hang, Peter	–	418	5	423
Siu Miu Man	–	1,200	6	1,206
Teoh Tean Chai, Anthony	–	10	–	10
Chung Oi Ling, Stella	–	10	–	10
	–	4,461	37	4,498
Non-executive directors				
Yeung Chee Tat	42	–	–	42
Li Wa Hei	8	–	–	8
	50	–	–	50
Independent non-executive directors				
Chan Sun Kwong	90	–	–	90
Chow Nim Sun, Nelson	50	–	–	50
Fung Kwan Yin, James	–	–	–	–
Lam Kwok Cheong	50	–	–	50
Lo Chi Ho, William	8	–	–	8
Wu Chi Chiu	8	–	–	8
	206	–	–	206
	256	4,461	37	4,754

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals for each of the three years ended 31 March 2005, 2006, 2007 and the six months ended 30 September 2006 and 2007, respectively, included four, four, four, four and four directors, details of whose emoluments are set out in note 11 above. Details of the emoluments of the remaining one, one, one, one and one non-director, highest paid individual for each of the three years ended 31 March 2005, 2006, 2007 and the six months ended 30 September 2006 and 2007 are as follows:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Basic salaries, commissions and benefits in kind	564	564	1,289	600	600
Pension scheme contributions	12	12	12	6	6
	576	576	1,301	606	606

13. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

a) Income tax in the consolidated income statement represents:

The provision for Hong Kong profits tax is calculated at 17.5% of the estimated assessable profits during the Relevant Period and the six months ended 30 September 2006. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current tax					
– Hong Kong	–	–	(131)	–	438
– Overseas	304	(176)	–	94	574
Tax expense/(credit)	304	(176)	(131)	94	1,012

b) Reconciliation between tax expense/(credit) and accounting profit/(loss) at applicable tax rates:

	The Group				
	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Profit/(loss) before taxation	679	(60,075)	(55,514)	(19,056)	(47,742)
Tax at domestic income tax rate applicable of profit/(losses) in the respective countries	239	(14,259)	(11,549)	(4,277)	(1,251)
Tax effect of non-taxable income	(1,514)	(210)	(1,311)	(158)	(1,055)
Tax effect of non-deductible expenses	1,710	503	1,652	257	5,950
Tax losses utilised from previous periods	(282)	–	(9)	(96)	–
Tax effect of losses not recognised	139	13,790	11,086	4,368	(2,632)
Others	12	–	–	–	–
Tax expense/(credit)	304	(176)	(131)	94	1,012

14. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to equity shareholders of the Company includes a profit of HK$3,466,000, a loss of HK$37,250,000, HK$57,460,000, HK$4,508,000 and HK$6,015,000 for each of the three years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007, respectively, which has been dealt with in the financial statements of the Company.

15. EARNINGS/(LOSS) PER SHARE

a) The calculation of basic earnings/(loss) per share is based on the earnings/(loss) attributable to equity shareholders of the Company of profit of HK$293,000, loss of HK$59,736,000, HK$55,027,000, HK$19,160,000 and HK$50,249,000 and weighted average number of 467,259,000 ordinary shares, 589,558,000 ordinary shares, 1,354,138,000 ordinary shares, 1,143,512,000 ordinary shares and 1,751,459,000 ordinary shares in issue for each of the three years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007, respectively. The weighted average number of ordinary shares in issue are calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	'000	*'000*	*'000*	*'000*	*'000*
				(Unaudited)	
Issued ordinary shares at 1 April	467,259	457,525	768,642	378,477	1,553,413
Effect of issue of ordinary shares under placement and subscription	–	132,033	–	–	151,813
Effect of issue of ordinary shares under rights issue	–	–	585,274	765,035	–
Effect of issue of ordinary shares under bonus warrants	–	–	222	–	46,233
Weighted average number of ordinary shares at 31 March/ 30 September	467,259	589,558	1,354,138	1,143,512	1,751,459

b) No diluted loss per share has been disclosed as the outstanding bonus warrants had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2007 and the six months ended 30 September 2006 and 2007.

Diluted earnings/(loss) per share for year ended 31 March 2005 and 2006 has not been disclosed as no diluting events existed for both years.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings held for own use carried at fair value	Furniture and fixtures	Machinery, engineering and other equipment	Motor vehicles	Moulds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost or valuation						
At 1 April 2004	37,180	10,747	21,850	3,530	51,065	124,372
Additions	–	1,314	2,161	175	6,387	10,037
Written off	–	(616)	(5,644)	(271)	(3,464)	(9,995)
Revaluation surplus	4,055	–	–	–	–	4,055
At 31 March 2005	41,235	11,445	18,367	3,434	53,988	128,469
Analysis of cost or revaluation						
At cost	–	11,445	18,367	3,434	53,988	87,234
At valuation	41,235	–	–	–	–	41,235
	41,235	11,445	18,367	3,434	53,988	128,469
At 1 April 2005	41,235	11,445	18,367	3,434	53,988	128,469
Additions	–	2,367	3,067	–	3,790	9,224
Disposals	(1,471)	–	(2,007)	(3,259)	(2,151)	(8,888)
Written off	–	(2,816)	(3,337)	–	(3,455)	(9,608)
Revaluation surplus	636	–	–	–	–	636
Exchange realignment	–	(76)	–	–	–	(76)
At 31 March 2006	40,400	10,920	16,090	175	52,172	119,757
Analysis of cost or revaluation						
At cost	–	10,920	16,090	175	52,172	79,357
At valuation	40,400	–	–	–	–	40,400
	40,400	10,920	16,090	175	52,172	119,757
At 1 April 2006	40,400	10,920	16,090	175	52,172	119,757
Disposal of a subsidiary	–	(27)	–	–	–	(27)
Additions	117	2,872	2,514	585	3,062	9,150
Disposals	(1,530)	(188)	–	–	–	(1,718)
Revaluation surplus	8,030	–	–	–	–	8,030
Exchange realignment	3	64	–	7	–	74
At 31 March 2007	47,020	13,641	18,604	767	55,234	135,266
Analysis of cost or revaluation						
At cost	–	13,641	18,604	767	55,234	88,246
At valuation	47,020	–	–	–	–	47,020
	47,020	13,641	18,604	767	55,234	135,266
At 1 April 2007	47,020	13,641	18,604	767	55,234	135,266
Additions	–	366	91	–	1,107	1,564
Disposals	(3,800)	(561)	–	–	(27,836)	(32,197)
Written off	–	(1,564)	–	–	(18,348)	(19,912)
At 30 September 2007	43,220	11,882	18,695	767	10,157	84,721
Analysis of cost or revaluation						
At cost	–	11,882	18,695	767	10,157	41,501
At valuation	43,220	–	–	–	–	43,220
	43,220	11,882	18,695	767	10,157	84,721

	Buildings held for own use carried at fair value HK$'000	Furniture and fixtures HK$'000	Machinery, engineering and other equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Total HK$'000
Accumulated depreciation						
At 1 April 2004	–	4,837	13,099	2,927	21,551	42,414
Provided for the year	1,129	2,145	2,001	360	5,355	10,990
Written off	–	(616)	(5,644)	(271)	(3,464)	(9,995)
Write back on revaluation	(1,129)	–	–	–	–	(1,129)
At 31 March 2005	–	6,366	9,456	3,016	23,442	42,280
At 1 April 2005	–	6,366	9,456	3,016	23,442	42,280
Provided for the year	1,230	2,075	1,772	141	5,416	10,634
Write back on disposals	(4)	–	(890)	(3,125)	(956)	(4,975)
Written off	–	(2,816)	(3,337)	–	(3,455)	(9,608)
Write back on revaluation	(1,226)	–	–	–	–	(1,226)
Exchange realignment	–	(62)	–	–	–	(62)
At 31 March 2006	–	5,563	7,001	32	24,447	37,043
At 1 April 2006	–	5,563	7,001	32	24,447	37,043
Provided for the year	1,102	2,036	1,699	54	5,231	10,122
Write back on disposals	(28)	(183)	–	–	–	(211)
Write back on revaluation	(1,075)	–	–	–	–	(1,075)
Exchange realignment	1	54	–	–	–	55
At 31 March 2007	–	7,470	8,700	86	29,678	45,934
At 1 April 2007	–	7,470	8,700	86	29,678	45,934
Provided for the period	633	1,085	861	39	2,483	5,101
Write back on disposals	(5)	(474)	–	–	(27,836)	(28,315)
Written off	–	(179)	–	–	–	(179)
Exchange realignment	–	14	–	–	–	14
At 30 September 2007	628	7,916	9,561	125	4,325	22,555
Net book value						
At 31 March 2005	41,235	5,079	8,911	418	30,546	86,189
At 31 March 2006	40,400	5,357	9,089	143	27,725	82,714
At 31 March 2007	47,020	6,171	9,904	681	25,556	89,332
At 30 September 2007	42,592	3,966	9,134	642	5,832	62,166

(a) The net book value of property, plant and equipment held under finance leases included in the total amount of machinery, engineering and other equipment and motor vehicles at 31 March 2005, 2006, 2007 and 30 September 2007 amounted to HK$2,534,000, HK$2,877,000, HK$5,619,000 and HK$5,279,000, respectively.

(b) The Group's properties held for own use were revalued on an open market value at 31 March 2005 and 2006 by DTZ Debenham Tie Leung Limited. The Group's properties held for own use were revalued on an open market value at 31 March 2007 by RHL Appraisal Limited. Both valuers who have among their staff, Fellows of Hong Kong Institute of Surveyors with recent experience in the location and category of property being revalued.

(c) The analysis of net book value of the Group's properties at 31 March 2005, 2006, 2007 and 30 September 2007 is as follows:

		At 31 March		**At 30 September**
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Held under medium term leases in				
– Hong Kong	30,193	10,270	6,810	2,972
– mainland China	11,042	30,130	40,210	39,620
	41,235	40,400	47,020	42,592
Representing:				
Properties carried at fair value	41,235	40,400	47,020	42,592

At 31 March, 2005, 2006, 2007 and 30 September 2007 the Group's properties had been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK$32,078,000, HK$29,438,000, HK$26,095,000 and HK$25,992,000, respectively.

(d) At 31 March, 2005, 2006, 2007 and 30 September 2007, certain of the Group's properties in Hong Kong with net book value of HK$11,042,000, HK$10,270,000, HK$6,810,000 and HK$2,972,000, respectively, were pledged to a bank to secure banking facilities granted to the Group (see note 27).

The Company

	Furniture and other equipment *HK$'000*	Motor Vehicles *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2005	–	–	–
Additions	189	–	189
At 31 March 2006	189	–	189
At 1 April 2006	189	–	189
Additions	190	342	532
At 31 March 2007	379	342	721
At 1 April 2007	379	342	721
Additions	8	–	8
At 30 September 2007	387	342	729
Accumulated depreciation			
At 1 April 2005	–	–	–
Provided for the year	–	–	–
At 31 March 2006	–	–	–
At 1 April 2006	–	–	–
Provided for the year	58	34	92
At 31 March 2007	58	34	92
At 1 April 2007	58	34	92
Provided for the period	34	17	51
At 30 September 2007	92	51	143
Net book value			
At 31 March 2005	–	–	–
At 31 March 2006	189	–	189
At 31 March 2007	321	308	629
At 30 September 2007	295	291	586

17. INVESTMENT PROPERTY

The Group

	HK$'000
Valuation	
At 1 April 2004, 31 March 2005, 31 March 2006 and 31 March 2007	–
Transfer from inventories	11,313
At 31 March 2005	–
At 31 March 2006	–
At 31 March 2007	–
At 30 September 2007	11,313

Notes:

i) The Group's investment property are held in mainland China under long-term leases.

ii) The Group's investment property had not been revalued by any independent professional qualified valuer as at 30 September 2007.

18. INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group

	HK$'000
Cost	
At 1 April 2004	8,919
Disposals	(909)
At 31 March 2005	8,010
At 1 April 2005	8,010
Disposals	(830)
At 31 March 2006	7,180
At 1 April 2006	7,180
Additions	240
Disposals	(433)
Exchange realignment	7
At 31 March 2007	6,994
At 1 April 2007	6,994
Disposals	(1,735)
Exchange realignment	8
At 30 September 2007	5,267
Accumulated amortisation	
At 1 April 2004	1,916
Charge for the year	176
Written back on disposals	(246)
At 31 March 2005	1,846
At 1 April 2005	1,846
Charge for the year	142
Written back on disposals	(176)
At 31 March 2006	1,812
At 1 April 2006	1,812
Charge for the year	149
Written back on disposals	(109)
At 31 March 2007	1,852
At 1 April 2007	1,852
Charge for the period	66
Written back on disposals	(432)
At 30 September 2007	1,486

	HK$'000
Net book value	
At 31 March 2005	6,164
At 31 March 2006	5,368
At 31 March 2007	5,142
At 30 September 2007	3,781

a) At 31 March 2005, 2006, 2007 and 30 September 2007, certain of the Group's leasehold land in Hong Kong with net book value of HK$3,938,000, HK$3,204,000, HK$2,793,000 and 1,457,000, respectively, was pledged to a bank to secure the banking facility granted to the Group (note 27).

b) Analysed for reporting purpose:

		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current portion	158	226	158	121
Non-current portion	6,006	5,142	4,984	3,660
	6,164	5,368	5,142	3,781

19. GOODWILL

The Group

	HK$'000
Cost	
At 1 April 2004, 31 March 2005 and 31 March 2006	–
Acquisition of subsidiaries *(note 35(a))*	7,284
At 31 March 2007 and 30 September 2007	7,284
Accumulated impairment losses	
At 1 April 2004, 31 March 2005 and 31 March 2006	–
Impairment loss	2,327
At 31 March 2007 and 30 September 2007	2,327
Carrying amount	
At 31 March 2005	–
At 31 March 2006	–
At 31 March 2007	4,957
At 30 September 2007	4,957

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segment.

	At 31 March			At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Real estate	–	–	4,957	4,957

In accordance with HKAS 36 "Impairment of Assets", and following the allocation of goodwill to CGU, the impairment test for goodwill was carried out by comparing the recoverable amounts to the carrying amounts as at the balance sheet date. The recoverable amount of a CGU is determined based on value-in-use calculations. The calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a two-year period and the estimated terminal value at the end of the two-year period. Management determined profit forecast based on past performance and its expectation for the future changes in costs and sales prices. Future cashflows are discounted at 7.75%. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU. There was no evidence of impairment arising from tests of reasonable variations of the assumptions used. Based on the above, the directors are of the view that there was no evidence of impairment of goodwill in the real estate segment at 31 March 2007 and 30 September 2007.

BIP (HK) Company Limited ("BIP (HK)") was engaged in construction related activities and provision of project management service, for the purpose of streamlining the overall building materials business operation of the Group, the business of BIP (HK) have been transferred to its fellow subsidiaries. Therefore the business activities of BIP (HK) have slowed down significantly and there is little or no indication of profit generating ability in the foreseeable future. The directors consider that a full provision for impairment of the carrying amount of goodwill of HK$2,327,000 is required. The provision has been charged to the income statement for the year ended 31 March 2007.

20. INTEREST IN SUBSIDIARIES

	The Company			
	At 31 March			At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	60,953	60,953	79,920	79,920
Due from subsidiaries *(note (i))*	175,723	212,236	240,521	251,440
	236,676	273,189	320,441	331,360
Less: provision for impairment losses *(note (ii))*	(129,182)	(161,182)	(210,161)	(210,161)
	107,494	112,007	110,280	121,199

Notes: i) The amounts due from subsidiaries are unsecured, have no fixed terms of repayment and are interest-free, except for an amount due from a subsidiary of HK$3,805,000, HK$4,050,000 and HK$Nil, which bears interest at a rate of 5%, a rate ranging from 5.0% to 7.5% and a rate ranging from 5.0% to 7.5% per annum for each of the three year ended 31 March 2005, 2006 and 2007 respectively.

ii) The impairment losses represent the write-down of amount due from subsidiaries of HK$129,182,000, HK$1,611,182,000, HK$210,161,000 and HK$210,161,000 as at 31 March 2005, 2006, 2007 and 30 September 2007 respectively.

The subsidiaries engaged in the home appliances activity have recurring operating losses with low liquidity ratios. The directors determine the recoverable amount based on value-in-use calculation using the discount rate at 7.75% and consider that provision on impairment of the amount due from subsidiaries of HK$210,161,000 is required and the amount of HK$48,979,000 has been charged to the income statement of the Company for the year ended 31 March 2007.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of ordinary share capital/ registered capital	Percentage of equity attributable to the Company directly	indirectly	Principal activities
Anex Overseas Limited	Samoa	US$1	100	–	Investment holding
Anco Industrial Company Limited	British Virgin Islands/ mainland China	US$100	–	100	Dormant and land right holding
Magnesium Resources Corporation of China Limited (formerly known as Anex Construction and Engineering Limited)	Hong Kong	HK$1	–	100	Dormant
Anex International Management Limited	Hong Kong	HK$1	100	–	Human resources management
Joyful Rise Investments Limited	British Virgin Islands	US$100	–	100	Investment holding
北京晉嘉宏采投資諮詢有限公司*	mainland China	RMB100,000	–	100	Properties Investment and consulting
Anex Construction and Engineering Holdings Limited	British Virgin Islands	US$1	100	–	Investment holding
Anex Properties Holdings Limited	British Virgin Islands	US$1	100	–	Investment holding
Ancen Properties Limited	Hong Kong	HK$100	70	–	Investment holding
東莞嘉湖山莊建造有限公司**	mainland China	RMB128,276,445	–	70	Real estate development
United Anex Engineering Limited	Hong Kong	HK$10,000	–	60	Building material business
United Anex (Macau) Limited	Macau	MOP$25,000	–	60	Building material business
BIP (HK) Company Limited	Hong Kong	HK$10,000	–	100	Construction project
Idealboom Group Limited	British Virgin Islands	US$1	–	100	Properties investment
Anex Far East (Macau) Limited	Macau	MOP$25,000	–	100	Building material business
Total Growth Limited	Hong Kong	HK$1	100	–	Properties investment
Anex Far East Limited	Hong Kong	HK$1	–	100	Building material business
Magnesium Corporation of China Limited (formerly known as Eagle Island Group Limited)	Hong Kong	HK$1	–	100	Properties investment

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of ordinary share capital/ registered capital	Percentage of equity attributable to the Company directly	indirectly	Principal activities
Anex Electrical Company Limited ("AECL")	Hong Kong	HK$3,009,000 *(note (i))*	100	–	Sale of electrical appliances
Antec Appliances Limited	Hong Kong	HK$2	100	–	Investment and assets holding
東莞安達電器製品有限公司*	mainland China	HK$20,000,000	–	100	Manufacturing electrical appliances

Note: i) The issued share capital of AECL comprises 30,000 non-voting deferred shares of HK$100 each and 90 ordinary shares of HK$100 each.

The non-voting deferred shares do not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of AECL by virtue or in respect of their holdings of such non-voting deferred shares. The holders of the non-voting deferred shares shall not be entitled to any participation in the profit or assets of AECL except for a fixed non-cumulative dividend at the rate of 5% per annum for any financial year of AECL in respect of which the net profit of AECL available for dividend exceeds HK$1,000,000,000. On a winding-up, the holders of the non-voting deferred shares shall be entitled, out of the surplus assets of AECL, to a return of the capital paid up on the non-voting deferred shares held by them respectively after a total sum of HK$100,000,000,000 has been distributed in such winding-up on respect of each of the ordinary shares of AECL.

* A wholly-foreign owned enterprise registered in mainland China.

** A sino-foreign cooperated corporation registered in mainland China.

21. INTEREST IN AN ASSOCIATE

The Group

	At 31 March 2005	At 31 March 2006	At 31 March 2007	At 30 September 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	18,059	15,185	–	–
Due from an associate	923	923	–	–
	18,982	16,108	–	–

The Company

	At 31 March 2005	At 31 March 2006	At 31 March 2007	At 30 September 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	–	–	–	–
Due from an associate	923	923	–	–
	923	923	–	–

Notes:

a) The amount due from an associate is unsecured, interest free and has no fixed terms of repayment.

b) Particulars of the associate at 31 March 2005 and 2006 are as follows:

Name	Business structure	Place of incorporation and operations	Percentage of ownership interest attributable to the Company directly	indirectly	Principal activity
Ancen Properties Limited	Corporate	Hong Kong	40	–	Investment holding
東莞嘉湖山莊建造有限公司	Sino-foreign cooperated corporation	mainland China	–	40	Real estate development

c) Extracts of the financial statements of the Group's associate are as follows:

	At 31 March 2005	2006	2007	At 30 September 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated income statement				
Turnover	9,236	10,481	N/A	N/A
Net profit/(loss) from ordinary activities attributable to shareholders	1,573	(7,186)	N/A	N/A
Consolidated balance sheet				
Non-current assets	4,819	4,819	N/A	N/A
Current assets	60,979	58,639	N/A	N/A
Current liabilities	(12,868)	(17,713)	N/A	N/A
Non-current liabilities	(7,782)	(7,782)	N/A	N/A

d) During the year ended 31 March 2007, the Company acquired additional 30% equity interest of Ancen Properties and then it became the subsidiary of the Company (note 35(a)). The share of loss of an associate of HK$5,544,000 recorded during the year ended 31 March 2007 represent the Group's share of loss of Ancen Properties from 1 April 2006 up to the date of conversion of Ancen Properties from an associate to a subsidiary of the Group.

22. NOTE RECEIVABLE

The Group and the Company

	At 31 March 2005	2006	2007	At 30 September 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Note receivable	5,400	–	–	–
Less: Provision for impairment losses	(295)	–	–	–
	5,105	–	–	–

The note receivable from Cosmedia Limited, an independent third party, bears interest at a rate of 0.5% per annum, is repayable on or before September 2006 and is secured against the shares in Cosmedia Limited. The note receivable was fully settled in August 2005 after deducting the discount of HK$900,000. A wavier of interest receivable of HK$150,000 was made for the year ended 31 March 2006.

23. INVENTORIES

(a) Inventories in the balance sheet comprise:

	The Group			
		At 31 March		At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Home appliances				
Raw materials	31,138	12,055	23,884	10,974
Work in progress	19,704	9,895	9,690	6,692
Finished goods	12,067	12,239	7,892	6,367
	62,909	34,189	41,466	24,033
Real estate				
Property under development for sale	–	–	40,115	41,341
Completed property held for sale	–	–	12,723	2,615
	–	–	52,838	43,956
Total inventories	62,909	34,189	94,304	67,989

(b) The analysis of carrying value of land held for property under development for sale is as follows:

		At 31 March		At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Outside Hong Kong – mainland China				
Long term lease	–	–	40,000	40,000

Based on the legal opinion obtained by the Group, the Group continues to enjoy the rights of use of the parcel of land. Income is derived from the parcel of land including lease income and from other lawful means notwithstanding the fact that the certificate of state-owned land use is not under the name of 東莞嘉湖山莊.

(c) The analysis of the amount of inventories recognized as an expense is as follows:

The amount of inventories carried at fair value less costs to sell at 31 March 2005, 2006, 2007 and 30 September 2007 is HK$9,354,000, HK$5,361,000, HK$1,096,000 and HK$2,398,000, respectively.

The amount of write-down of inventories to net realizable value and write-off of inventories recognised as an expense during the year ended 31 March 2005, 2006, 2007 and the six months ended 30 September 2006 and 2007 is HK$Nil, HK$582,000, HK$4,344,000, HK$Nil and HK$5,024,000 and HK$Nil, HK$12,964,000, HK$Nil, HK$Nil and HK$7,341,000 respectively.

(d) The amount of property under development for sale expected to be recovered after more than one year is HK$40,115,000 and HK$41,341,000 as at 31 March 2007 and 30 September 2007, respectively. All of the other inventories are expected to be recovered within one year.

24. TRADE AND OTHER RECEIVABLES

	The Group			
	At 31 March			At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables (b)	23,246	23,832	24,839	33,149
Mould deposits (c)	6,306	8,862	10,316	4,447
Retention receivables	–	–	1,672	4,298
Prepayments, deposits and other receivables	4,066	6,961	10,138	11,731
Amounts due from customers for contract works *(note 25)*	–	–	1,828	2,008
	33,618	39,655	48,793	55,633

	The Company			
	At 31 March			At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments, deposits and other receivables	387	533	544	1,889
	387	533	544	1,889

(a) All of the trade and other receivables are expected to be recovered within one year.

(b) Trade receivables less provision for impairment losses of HK$Nil, HK$13,000, HK$20,000 and HK$2,499,000 for each of the three years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2007, respectively, with the following aging analysis as of the balance sheet date:

	The Group			
	At 31 March			At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	16,322	15,945	10,451	26,590
31 – 60 days	1,759	7,119	9,099	5,597
61 – 90 days	588	658	2,163	325
Over 90 days	4,577	110	3,126	637
	23,246	23,832	24,839	33,149

The Group's trading terms with its customers are mainly on credit and letters of credit, except for new customers where payment in advance and cash on delivery are normally required. Invoices are normally payable between 30 and 60 days after issuance, except for certain well-established customers where the terms are extended to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

(c) The Group incurred labour costs, raw materials and other expenses for mould development and recorded these expenses as mould deposits. Due to the decision of dropping out certain product lines, the directors consider provision on impairment on the carrying amount of these mould deposits of HK$Nil, HK$955,000, HK$1,342,000, HK$Nil and HK$5,513,000 for each of the three years ended 31 March 2005, 2006, 2007 and the six months ended 30 September 2006 and 2007, respectively. The provision has been fully charged to the income statements for the Relevant Period and the six months ended 30 September 2006.

25. CONTRACT WORK IN PROGRESS

	The Group			
		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract costs incurred plus attributable profits less foreseeable losses to date	–	–	18,147	66,884
Progress billings to date	–	–	(20,807)	(73,235)
	–	–	(2,660)	(6,351)
Represented by:				
Amounts due from customers for contract works	–	–	1,828	2,008
Amounts due to customers for contract works	–	–	(4,488)	(8,359)
	–	–	(2,660)	(6,351)

26. CASH AND CASH EQUIVALENTS

	The Group			
		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and in hand	8,826	12,242	45,245	159,078
Cash and cash equivalents in the balance sheet	8,826	12,242	45,245	159,078
Bank overdrafts, secured *(note 27)*	–	(552)	(4,085)	(2,538)
Cash and cash equivalents in the consolidated cash flow statement	8,826	11,690	41,160	156,540

	The Company			
		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and in hand	79	1,283	10,369	146,763
Cash and cash equivalents in the balance sheet	79	1,283	10,369	146,763

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 equity to which they relate:

	The Group			
		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	'000	*'000*	*'000*	*'000*
Renminbi	2,067	5,587	28,681	8,683
Euro Dollars	4,275	226	58	1,744
US Dollars	102	156	580	84

	The Company			
		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	'000	*'000*	*'000*	*'000*
Renminbi	–	–	1	–
US Dollars	–	–	–	1

27. BANK LOANS AND OVERDRAFTS

	The Group			
		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans, secured	25,944	23,351	22,792	18,947
Bank overdrafts, secured	–	552	4,085	2,538
	25,944	23,903	26,877	21,485
Bank loans and overdrafts were repayable as follows:–				
Within 1 year or on demand	19,044	23,903	26,877	21,485
After one year but within two years	6,900	–	–	–
	25,944	23,903	26,877	21,485

Notes:

(a) The Group's bank loans and overdrafts are secured by:

i) mortgages over certain of the Group's leasehold land and buildings which had an aggregate net book value of HK$14,980,000, HK$13,474,000, HK$9,603,000 and HK$4,429,000 as at 31 March 2005, 2006, 2007 and 30 September 2007 respectively;

ii) the Group's time deposits as at 31 March 2005, 2006, 2007 and 30 September 2007 amounting to HK$1,001,000, HK$7,320,000, HK$7,800,000 and HK$9,697,000 respectively;

iii) the director, Kwok Chi Hang, Peter of the Company had given a guarantee as at 31 March 2005, 2006, 2007 and 30 September 2007 amounted to HK$Nil, HK$10,000,000, HK$Nil and HK$Nil, respectively, this guarantee was released during the year ended 31 March 2007;

iv) the director, Kwok Hon Ching of the Company had given a guarantee as at 31 March 2005, 2006, 2007 and 30 September 2007 amounted to HK$22,000,000, HK$22,000,000, HK$Nil and HK$Nil, respectively, this guarantee was released during the year ended 31 March 2007; and

v) the minority shareholder of a subsidiary, has given a corporate guarantee as at 31 March 2005, 2006, 2007 and 30 September 2007 amounted to HK$Nil, HK$Nil, HK$12,000,000 and HK$18,000,000 respectively.

(b) Other loan is unsecured and interest bearing at rates from 4.00% to 5.00%, 5.25% to 9.00%, Nil% and Nil% per annum for the year ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2007, respectively.

28. DUE TO A DIRECTOR

	The Group and the Company			
		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Mr. Cheng Tun Nei ("Mr. Cheng")	–	6,000	–	–

The amount was unsecured, interest bearing at a rate of 1% per annum over and above the Hong Kong Dollar Prime Lending Rate as quoted by Hang Seng Bank Limited (the "Prime Rate") and is repayable on or before 28 August 2007. The loan has been fully settled on 29 June 2006. The Prime Rate as at 31 March 2006 and 2007 are 7.75% and 7.75% respectively.

29. TRADE AND OTHER PAYABLES

	The Group			
		At 31 March		At 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables (a)	41,789	31,473	35,553	22,603
Other payables and accruals	12,322	16,725	35,001	27,246
Due to a director *(note 28)*	–	6,000	–	–
Amounts due to customers for contract works *(note 25)*	–	–	4,488	8,359
Due to a minority shareholder (b)	–	–	7,207	7,207
Compensation payable (c)	–	–	3,680	–
Provision for long service payment	–	1,968	1,695	–
Mould deposits received	339	611	1,312	–
Other loan (d)	–	1,425	1,100	850
Customer deposit	–	–	–	1,606
	54,450	58,202	90,036	67,871

	The Company			
		At 31 March		At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	206	1,291	255	1,409
Due to a director *(note 28)*	–	6,000	–	–
	206	7,291	255	1,409

(a) An aged analysis of the Group's trade payables as of the balance sheet date, based on invoice date is as follows:

		At 31 March		At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	6,789	11,198	6,311	15,979
31 – 60 days	5,252	5,951	3,095	2,774
61 – 90 days	6,727	4,080	5,457	1,211
Over 90 days	23,021	10,244	20,690	2,639
	41,789	31,473	35,553	22,603

(b) The amount is unsecured, interest free and has no fixed terms of repayment.

(c) A deposit of Euro 123,000 (equivalent to HK$1,266,000) was pledged to a bank as security for the Group's compensation in connection with the goods return incurred during the year ended 31 March 2007.

(d) The amount is unsecured, bearing interest at rate of 5.25% to 9.00% and 9.00% per annum for the year ended 31 March 2006 and 2007, respectively and has no fixed terms of repayment.

30. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	The Group			
		At 31 March		At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April	–	–	–	4,015
Acquisition of subsidiaries	–	–	4,146	–
(Credit)/charge for the year	–	–	(131)	1,012
Overseas taxes paid	–	–	–	(3,072)
At 31 March/30 September	–	–	4,015	1,955

(b) Deferred tax liabilities

The components of deferred tax liabilities recognised in the consolidated balance sheet and the movements are as follows:

	Fair value gains on property under development for sale *HK$'000*	Revaluation on building *HK$'000*	Total *HK$'000*
At 1 April 2004	–	5,585	5,585
Deferred tax credited to property revaluation reserve	–	(1,276)	(1,276)
At 31 March 2005	–	4,309	4,309
At 1 April 2005	–	4,309	4,309
Deferred tax charged to property revaluation reserve	–	1,220	1,220
At 31 March 2006	–	5,529	5,529
At 1 April 2006	–	5,529	5,529
Deferred tax charged to property revaluation reserve	–	1,892	1,892
Acquisition of subsidiaries *(note 35(a))*	10,814	–	10,814
At 31 March 2007 and 30 September 2007	10,814	7,421	18,235

At 31 March, 2005, 2006, 2007 and 30 September 2007, the Group has tax losses arising in Hong Kong of HK$67,206,000, HK$142,754,000, HK$154,791,000, HK$215,991,000, respectively that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available of the companies in which losses arose. The tax losses do not expire under current tax legislation.

Save as disclosed above, there was no other significant deferred tax liabilities that required to be provided for in the consolidated financial statements for each of the three years ended 31 March, 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007.

31. FINANCE LEASE PAYABLES

The Group and the Company leases certain of its engineering equipment and motor vehicles. These leases are classified as finance leases and have remaining lease terms ranging from two to three years.

At the balance sheet date, the total future minimum lease payments under finance leases and their present values were as follows:

The Group

	At 31 March 2005		At 31 March 2006		At 31 March 2007		At 30 September 2007	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	678	733	1,116	1,203	1,657	1,760	1,386	1,447
After one year but within two years	541	560	757	790	833	861	217	223
After two years but within five years	145	147	178	182	–	–	–	–
	686	707	935	972	833	861	217	223
	1,364	1,440	2,051	2,175	2,490	2,621	1,603	1,670
Less: total future interest expenses		(76)		(124)		(131)		(67)
Present value of lease obligations		1,364		2,051		2,490		1,603

The Company

	At 31 March 2005		At 31 March 2006		At 31 March 2007		At 30 September 2007	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	–	–	–	70	86	70	86
After one year but within two years	–	–	–	–	64	78	23	28
After two years but within five years	–	–	–	–	–	–	–	–
	–	–	–	–	64	78	23	28
	–	–	–	–	134	164	93	114
Less: total future interest expenses		–		–		(30)		(21)
Present value of lease obligations		–		–		134		93

32. SHARE CAPITAL

The Group and the Company

	At 31 March						At 30 September	
	2005		2006		2007		2007	
	No. of shares		No. of shares		No. of shares		No. of shares	
	'000	*HK$'000*	*'000*	*HK$'000*	*'000*	*HK$'000*	*'000*	*HK$'000*
Authorised: Ordinary shares of HK$0.10 each								
At 1 April	800,000	80,000	800,000	80,000	3,000,000	300,000	3,000,000	300,000
Increase in authorised share capital (a)	–	–	2,200,000	220,000	–	–	–	–
At 31 March/30 September	800,000	80,000	3,000,000	300,000	3,000,000	300,000	3,000,000	300,000
Ordinary shares issued and fully paid:								
At 1 April	457,525	45,752	457,525	45,752	768,642	76,864	1,544,925	154,492
Issue of shares by placement and subscription (b)	–	–	91,505	9,151	–	–	307,000	30,700
Issue of shares by rights issue (c)	–	–	219,612	21,961	768,642	76,864	–	–
Issue of shares by Bonus Warrants (d)	–	–	–	–	7,641	764	108,060	10,806
At 31 March/30 September	457,525	45,752	768,642	76,864	1,544,925	154,492	1,959,985	195,998

(a) On 30 March 2006, the Company held a special general meeting to increase its authorised share capital from HK$80,000,000 comprising of 800,000,000 shares of HK$0.10 each to HK$300,000,000 comprising of 3,000,000,000 shares of HK$0.10 each by the creation of an additional 2,200,000,000 shares of HK$0.10 each.

(b) (i) On 28 September 2005, the Company successfully placed 91,504,969 new shares to independent investors at a price of HK$0.10 per new share on a fully underwritten basis. The gross proceeds amounted to HK$9,151,000 and the net proceeds from the placing of HK$8,500,000. The net proceeds from the placing has been used as general working capital of the Company.

(ii) On 22 June 2007, the Company, Mr. Cheng Tun Nei ("Mr. Cheng"), a director and a substantial shareholder of the Company, and Taiwan Securities (Hong Kong) Limited ("Placing Agent") entered into an agreement pursuant to which the Placing Agent has agreed to procure, on a best-effort basis, purchasers to purchase up to 307,000,000 existing shares, at the placing price of HK$0.50 per share owned by Mr. Cheng.

Pursuant to the Agreement, Mr. Cheng has conditionally agreed to subscribe up to 307,000,000 new shares at the placing price of HK$0.50 per share.

On 26 June 2007, the Placing Agent has successfully placed 307,000,000 existing shares at placing price of HK$0.50 per share. In addition, the subscription of new shares to Mr. Cheng was completed on 6 July 2007. The net proceeds from top-up subscription were HK$147.5 million.

(c) (i) On 17 November 2005, rights issue of two rights shares for every five existing shares was made, at an issue price of HK$0.10 per rights share, resulting in the issue of 219,611,926 shares of HK$0.10 each for a total cash consideration. The gross proceeds amounted to HK$21,961,000 and the net proceeds from the rights issue of HK$21,000,000. The net proceeds from rights issue will be used for purchasing new machinery and upgrading existing production facilities, procuring enterprise resource planning system and expansion of electronic networking system, to repay certain borrowings and used as general working capital of the Group.

(ii) On 30 June 2006, rights issue of one rights share for every existing share was made, at an issue price of HK$0.10 per rights share resulting in the issue of 768,641,000 shares of HK$0.1 each for a total cash consideration of HK$76,864,000.

Up to 27 June 2006, the Company had received 22 valid acceptances for a total of 598,828,191 rights shares provisionally allotted under the rights issue and 26 valid applications for a total of 37,747,000 excess rights shares, resulting in a total valid applications for 636,575,000 rights shares, representing applications for 82.8% of the total number of rights shares available under the rights issue. The underwriter has procured the subscription of the remaining 132,067,000 rights shares.

(d) (i) The Company issued 307,457,000 bonus warrants to those person who have validly accepted and paid for rights share as mentioned in note (c)(ii) above ("Bonus Warrants"). During December 2006 and March 2007, warrant-holders exercised the Bonus Warrants to subscribe for 72,000 and 7,569,000 ordinary shares respectively in the Company at exercise price of HK$0.10 each.

(ii) During the six months ended 30 September 2007, warrant-holders exercised the bonus warrants to subscribe for a total of 108,059,600 ordinary shares in the Company at exercise price of HK$0.10 each. The last day of subscription of the bonus warrants is 4 July 2008.

33. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") and the principal terms of the Scheme are as follows:

i) Purpose

The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operation.

ii) Eligible participants

Eligible participants of the share option scheme include the Company's directors and other employees of the Group.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

iii) Maximum number of shares

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of passing the Ordinary Resolution on 31 August 2007. As at the date of this circular, the total number of shares available for issue under the Scheme is 191,477,268, representing 9.12% of the issued share capital.

iv) Maximum entitlement of each eligible participant

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time.

v) Option period

The Scheme became effective on 9 September 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

vi) Acceptance of offer

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on the date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

vii) Exercise price

The Exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

viii) The remaining life of the Scheme

The directors shall be entitled at any time within 10 years commencing on 9 September 2002 to offer the grant of an option to any eligible participants.

No share option has been granted since the Scheme became effective on 9 September 2002.

34. RESERVES

(a) The Group

	Notes	Share Premium HK$'000	Capital reserve HK$'000	Distributable reserve HK$'000	Property revaluation reserve HK$'000	Fair value reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated) loss) HK$'000	Total HK$'000
At 1 April 2004		–	2,789	4,995	9,833	–	263	66,171	84,051
Surplus on revaluation		–	–	–	4,756	–	–	–	4,756
Deferred tax charged in the revaluation reserve	30(b)	–	–	–	1,276	–	–	–	1,276
Exchange realignment		–	–	–	–	–	324	–	324
Net income recognised directly in equity		–	–	–	6,032	–	324	–	6,356
Net profit for the year		–	–	–	–	–	–	293	293
At 31 March 2005		–	2,789	4,995	15,865	–	587	66,464	90,700
At 1 April 2005		–	2,789	4,995	15,865	–	587	66,464	90,700
Surplus on revaluation		–	–	–	1,862	–	–	–	1,862
Deferred tax charged in the revaluation reserve	30(b)	–	–	–	(1,220)	–	–	–	(1,220)
Exchange realignment		–	–	–	–	–	(637)	–	(637)
Net income recognised directly in equity		–	–	–	642	–	(637)	–	5
Revaluation reserve released on disposal		–	–	–	(417)	–	–	417	–
Loss for the year		–	–	–	–	–	–	(59,736)	(59,736)
At 31 March 2006		–	2,789	4,995	16,090	–	(50)	7,145	30,969

	Notes	Share Premium HK$'000	Capital reserve HK$'000	Distributable reserve HK$'000	Property revaluation reserve HK$'000	Fair value reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated) loss) HK$'000	Total HK$'000
At 1 April 2006		–	2,789	4,995	16,090	–	(50)	7,145	30,969
Surplus on revaluation		–	–	–	9,105	–	–	–	9,105
Rights issue expenses		–	–	(2,779)	–	–	–	–	(2,779)
Fair value adjustment		–	–	–	–	8,783	–	–	8,783
Deferred tax charged in the revaluation reserve	30(b)	–	–	–	(1,892)	–	–	–	(1,892)
Property revaluation reserve		–	–	–	(27)	–	–	–	(27)
Exchange realignment		–	–	–	–	–	615	–	615
Net income recognized directly in equity		–	–	(2,779)	7,186	8,783	615	–	13,805
Revaluation reserve released on disposal		–	–	–	(709)	–	–	709	–
Loss for the year		–	–	–	–	–	–	(55,027)	(55,027)
At 31 March 2007		–	2,789	2,216	22,567	8,783	565	(47,173)	(10,253)
At 1 April 2007		–	2,789	2,216	22,567	8,783	565	(47,173)	(10,253)
Placement of shares	32(b)(ii)	122,800	–	–	–	–	–	–	122,800
Share issue expenses		(5,972)						–	(5,972)
Exchange realignment		–	–	–	–	–	889	–	889
Net income recognized directly in equity		116,828	–	–	–	–	889	–	117,717
Revaluation reserve released on disposal		–	–	–	(1,370)	–	–	1,370	–
Net loss for the period		–	–	–	–	–	–	(50,249)	(50,249)
At 30 September 2007		116,828	2,789	2,216	21,197	8,783	1,454	(96,052)	57,215

(b) The Company

	Notes	**Share Premium** *HK$'000*	**Contributed surplus** *HK$'000*	**Distributable reserve** *HK$'000*	**Retained profits/ (accumulated loss)** *HK$'000*	**Total** *HK$'000*
At 1 April 2004		–	60,733	4,995	(1,164)	64,564
Profit for the year		–	–	–	3,466	3,466
At 31 March 2005		–	60,733	4,995	2,302	68,030
At 1 April 2005		–	60,733	4,995	2,302	68,030
Loss for the year		–	–	–	(37,250)	(37,250)
At 31 March 2006		–	60,733	4,995	(34,948)	30,780
At 1 April 2006		–	60,733	4,995	(34,948)	30,780
Loss for the year		–	–	–	(57,460)	(57,460)
Right issue expenses		–	–	(2,779)	–	(2,779)
At 31 March 2007		–	60,733	2,216	(92,408)	(29,459)
At 1 April 2007		–	60,733	2,216	(92,408)	(29,459)
Loss for the period		–	–	–	(6,015)	(6,015)
Placement of shares	32(b)(ii)	122,800	–	–	–	122,800
Share issue expenses		(5,972)	–	–	–	(5,972)
At 30 September 2007		116,828	60,733	2,216	(98,423)	81,354

(c) Nature of purposes of the reserves

i) Contributed surplus

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in June 1991, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders in certain circumstances.

ii) Distributable reserve

Pursuant to a special resolution passed on 15 September 2003, the share premium account of the Company was reduced by an amount of HK$103,948,000 to HK$Nil and of which HK$98,953,000 was applied towards the elimination of the accumulated losses of the Company as at 31 March 2003, with the remaining balance of HK$4,995,000 being credited to a distributable reserve of the Company. The reduction of share premium account was effective on 6 October 2003.

iii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the overseas subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in note 3(q).

iv) Fair value reserve

The fair value reserve represents the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in a subsidiary being acquired on 20 October 2006 from a minority shareholder.

(d) Distributability of reserves

At 31 March 2005, 2006, 2007 and 30 September 2007, the aggregate amount of reserves available for the distribution to equity shareholders of the Company calculated in accordance with the Companies Act 1981 of Bermuda (as amended) was HK$68,030,000, HK$30,780,000, HK$Nil and HK$81,354,000 in certain circumstances.

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

The net assets acquired in the transactions and the goodwill arising are as follows:

	BIP (HK) Limited (note (i))			Ancen Properties Limited (note (ii))			
	Acquiree's carrying amount before combination	Fair value adjustment	Fair value	Acquiree's carrying amount before combination	Fair value adjustment	Fair value	Total fair value
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	1,571	–	1,571	27,655	–	27,655	29,226
Inventories	–	–	–	19,525	32,769	52,294	52,294
Trade and other receivables	1,192	–	1,192	2,418	–	2,418	3,610
Amounts due from customers for contract works	2,280	–	2,280	–	–	–	2,280
Trade and other payables	(2,570)	–	(2,570)	(12,902)	–	(12,902)	(15,472)
Provision for taxation	(166)	–	(166)	(3,930)	–	(3,930)	(4,096)
Due to shareholders	–	–	–	(8,022)	–	(8,022)	(8,022)
Deferred tax liabilities	–	–	–	–	(10,814)	(10,814)	(10,814)
Amounts due to customers for contract works	(66)	–	(66)	–	–	–	(66)
Loan from a director	(1,500)	–	(1,500)	–	–	–	(1,500)
Minority interest	–	–	–	(7,423)	(6,587)	(14,010)	(14,010)
	741	–	741	17,321	15,368	32,689	33,430
Goodwill			2,327			4,957	7,284
			3,068			37,646	40,714

Analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries

Total consideration settled in cash	(22,035)
Cash and cash equivalents in subsidiaries acquired	29,226
Cash inflow on acquisition of subsidiaries	7,191

Notes:

(i) On 1 November 2006, the Group acquired the entire equity interest of BIP (HK) for cash considerations of HK$3,068,000 and the amount of goodwill arising as a result of the acquisition was HK$2,327,000. BIP (HK) was principally engaged in construction projects. BIP (HK) contributed loss of HK$1,344,000 to the Group's loss for the period between the date of acquisition and the balance sheet date.

(ii) On 20 October 2006, the Group acquired 30% equity interest of Ancen Properties for cash considerations of HK$18,967,000 and the amount of goodwill arising as a result of the acquisition was HK$4,957,000. Ancen Properties and its wholly-owned subsidiary ("Ancen Group") were principally engaged in real estate development. Ancen Group contributed loss of HK$1,575,000 to the Group's loss for the period between the date of acquisition and the balance sheet date. The Group originally held 40% equity interest of Ancen Group and was previously accounted for as an associate.

(iii) Goodwill is attributable to the benefit of expected synergies, revenue growth and future market development of BIP (HK) and Ancen Properties. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

(iv) If the acquisition had been completed on 1 April 2006, total group revenue for the year would have been HK$216,234,000, and loss for the year would have been HK$68,513,000. The pro-forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2006, nor is it intended to be a projection of future results.

(b) Disposal of a subsidiary

The net liabilities of Anex Japan Corporation, which was dormant, at 31 March 2007 being the date of disposal were as follows:

	HK$'000
Property, plant and equipment	27
Cash and bank balances	38
Other receivables	8
Due from group company	171
Other payables	(40)
	204
Minority interests	(10)
Exchange reserve	44
	238
Loss on disposal of a subsidiary	(67)
	171
Satisfied by:	
Cash consideration	–
Waiver of amount due from group company	171
	171
Net cash outflow arising on disposal:	
Cash received	–
Cash and bank balances disposed of	(38)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(38)

(c) Moulds

Included in prior year were mould deposits of HK$5,596,000, HK$3,190,000, HK$2,372,000, HK$Nil and HK$913,000 which were transferred to moulds under property, plant and equipment in the year ended 31 March 2005, 2006, 2007 and the six months ended 30 September 2006 and 2007.

(d) Property, plant and equipment and land lease premium

For each of the three years ended 31 March 2005, 2006, 2007 and the six months ended 30 September 2006 and 2007 respectively, the Group acquired property, plant and equipment and land lease premium with an aggregate cost of HK$10,037,000, HK$9,224,000 and HK$9,390,000, HK$5,567,000 and HK$1,564,000 of which HK$979,000, HK$1,302,000, HK$2,475,000, HK$2,475,000 and HK$Nil was acquired by means of finance leases. Cash payments of HK$3,462,000, HK$4,732,000, HK$4,543,000, HK$3,092,000 and HK$457,000 (net of moulds transferred as mentioned in (c) above) for the three years ended 31 March 2005, 2006, 2007 and the six months ended 30 September 2006 and 2007, respectively, were made to purchase property, plant and equipment and land lease premium.

36. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these Financial Information, the Group had the following transactions with related parties during the Relevant Period and for the six months ended 30 September 2006.

(a) Key management personnel remuneration

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them are set out in note 11 to the financial statements.

(b) Other related party transactions

		The Group				
		Year ended 31 March			Six months ended 30 September	
		2005	**2006**	**2007**	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Interest expense paid to a director	(i)	–	45	163	207	–
Rental of director's quarter paid to a related company	(ii)	480	484	540	270	270
Rental of office premises paid to a related company	(iii)	–	73	880	440	440
Motor vehicle purchased from a director	(iv)	–	–	342	342	–
Acquisition of a subsidiary from directors	(v)	–	–	3,068	–	–
Interest expense paid to an associate	(vi)	5	–	–	–	–

Notes:

i) The interest expense related to an advance from a director (see note 28) of the Company, Mr. Cheng. The interest was calculated at a rate of 1% per annum over and above the Prime Rate.

ii) The Company has entered into a lease agreement with a related company, Mountain-Dew Limited, a company controlled by Mr. Kwok Hon Lam, a director of the Company, to lease a director's quarter for a period of 33 months commencing on 1 March 2006 at a monthly rental of HK$40,000, HK$45,000, HK$45,000, HK$45,000 and HK$45,000 for each of the three years ended 31 March 2005, 2006, 2007 and six months ended 30 September 2006, 2007, respectively. No outstanding balance at 31 March 2005, 2006, 2007 and 30 September 2007.

iii) The Company has entered into a lease agreement with a related company, Gold Regent International Limited, a company controlled by Mr. Cheng, to lease an office premises for a period of two years commencing on 1 March 2006 at a monthly rental of HK$Nil, HK$73,000, HK$73,000, HK$73,000 and HK$73,000 for each of the three years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007, respectively. No outstanding balance at 31 March 2005, 2006, 2007 and 30 September 2007.

iv) The Company has entered into a transfer agreement with Mr. Cheng to transfer his motor vehicle to the Company on 1 April 2006 for a consideration of HK$342,000. The consideration was settled in cash of HK$143,000 and the transfer of the outstanding balance of a finance lease. The present value of the minimum lease payment at 31 March 2005, 2006, 2007 and 30 September 2007 is HK$Nil, HK$Nil, HK$134,000 and HK$93,000 (see note 31).

v) During the year ended 31 March 2007, the Group acquired 100% equity interest in BIP (HK) for a consideration of HK$3,068,000, in which Mr. Cheng and Mr. Cheng Tze Kit, Larry, a director of the Company, are shareholders and directors of BIP (HK). No outstanding balance at 31 March 2007.

vi) The interest expense related to an advance from an associate which was fully repaid in 2005. The interest was calculated at a rate of 0.125% per annum.

37. CONTINGENT LIABILITIES

The Group

Financial guarantee issued

The Group undertook the obligation under a buy-back undertaking entered with a bank of HK$Nil, HK$Nil, approximately RMB20,927,000 (equivalent to HK$20,927,000) and RMB20,046,000 (equivalent to HK$20,647,000) as at 31 March 2005, 2006, 2007 and 30 September 2007, respectively relating to the mortgage loans arranged for certain purchasers of the Group's properties sold. Pursuant to the terms of the undertaking, in the event of any default in mortgage payments by any of these purchasers, the Group is responsible to repay the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period commences from the dates of the drawdown of the relevant mortgage loans and ends when the Group obtains the "property title certificate" for the mortgagees.

A deposit of HK$ Nil, HK$ Nil, RMB2,953,000 (equivalent to HK$2,953,000) and RMB2,395,000 (equivalent to HK$2,478,000) was pledged to a bank as security as at 31 March 2005, 2006, 2007 and 30 September 2007, respectively for the Group's obligation under the above undertaking.

For the year ended 31 March 2007 and the six months ended 30 September 2007, the Group had provided a corporate guarantee and a deposit pledged to a bank for the issuance of a performance bond in favor of an independent third party to a construction contract, amounting to HK$3,000,000.

No recognition was made because the fair value of the undertaking as above was insignificant and that the directors did not consider it probable that a claim would be made against the Group under the undertaking.

The Company

At the balance sheet date, contingent liabilities not provided for in the Financial Information were as follows:

		At 31 March		At 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees granted to subsidiaries for				
Banking facilities	22,000	39,800	42,000	36,000
Finance lease payables	1,364	2,051	2,355	1,509
	23,364	41,851	44,355	37,509

The Company is also one of the entities covered by a cross guarantee arrangement issued by the Company and its subsidiaries to a bank in respect of banking facilities granted to the Group which remains in force so long as the Group has drawn down under the banking facilities. Under the guarantee, the Company and all the subsidiaries that are a party to the guarantee are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee.

No recognition was made because the fair value of the guarantee was insignificant and that the directors did not consider it probable that a claim would be made against the Company under the guarantee.

38. OPERATING LEASE COMMITMENTS

The Group leases certain of its directors' quarters and office premises under operating lease commitments. Leases for these properties are negotiated for terms ranging one to two years.

At 31 March 2005, 2006, 2007 and 30 September 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group			
		At 31 March		**At 30 September**
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	502	1,420	1,970	1,594
In the second to fifth years, inclusive	–	1,707	714	184
	502	3,127	2,684	1,778

	The Company			
		At 31 March		**At 30 September**
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	880	807	367
In the second to fifth years, inclusive	–	807	–	–
	–	1,687	807	367

39. CAPITAL COMMITMENTS

The Group's capital commitments outstanding at 31 March 2005, 2006, 2007 and 30 September 2007, not provided for in the financial statements were as follows:

	The Group			
		At 31 March		**At 30 September**
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for	557	1,450	1,479	1,476

40. EVENT AFTER BALANCE SHEET DATE

Subsequent to 30 September 2007, the Group has the following significant post balance sheet events:

(a) Disposal of home appliance business

On 8 December 2007, the Company had entered into the sale and purchases agreement, pursuant to which the Company agreed to dispose of the entire issued share capital of Antec Appliances and Anex Electrical, and the right of and benefits in the Sale Loan. The details of transaction have been disclosed in the Company's announcement dated 12 December 2007.

Below are the consolidated income statement, consolidated balance sheet and consolidated cash flow statement of Antec Appliances and Anex Electrical.

(i) Consolidated income statement

Included in the consolidated income statement of the Group are the results of the Disposal Group for the Relevant Period and the six months ended 30 September 2006 as follow:

	31 March			Six month ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
TURNOVER	280,937	182,324	203,010	109,506	62,309
Cost of sales	(216,636)	(159,347)	(189,137)	(95,246)	(68,521)
Gross profit/(Loss)	64,301	22,977	13,873	14,260	(6,212)
Other revenue	2,655	648	9,029	1,543	5,808
Selling & distribution costs	(15,699)	(14,519)	(15,026)	(9,167)	(5,686)
Administrative expenses	(38,331)	(35,156)	(22,873)	(14,230)	(10,597)
Other operating expenses	–	(14,191)	(1,331)	–	(14,817)
PROFIT/(LOSS) FROM OPERATIONS	12,926	(40,241)	(16,328)	(7,594)	(31,504)
Finance costs	(1,832)	(2,184)	(2,427)	(1,322)	(936)
PROFIT/(LOSS) BEFORE TAXATION	11,094	(42,425)	(18,755)	(8,916)	(32,440)
Income tax	(304)	176	–	(94)	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD	10,790	(42,249)	(18,755)	(9,010)	(32,440)
Attributable to:					
Equity shareholders of the company	10,708	(42,086)	(18,687)	(9,020)	(32,440)
Minority interest	82	(163)	(68)	10	–
	10,790	(42,249)	(18,755)	(9,010)	(32,440)

(ii) Consolidated balance sheet

Included in the consolidated balance sheet of the Group are the assets and liabilities of Disposal Group as at 31 March 2005, 2006, 2007 and 30 September 2007 as follows:

	31 March			30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	37,665	33,483	27,138	17,361
Interest in leasehold land held for own use under operating leases	3,842	3,784	–	–
	41,507	37,267	27,138	17,361
CURRENT ASSETS				
Interest in leasehold land held for own use under operating leases	95	79	–	–
Inventories	62,909	34,189	41,466	24,033
Trade and other receivables	33,143	39,033	34,413	18,842
Due from fellow subsidiaries	96,434	96,109	96,214	–
Pledged deposits	1,000	7,320	5,466	4,281
Bank balances and cash	8,187	10,692	10,133	4,929
	201,768	187,422	187,692	52,085
CURRENT LIABILITIES				
Bank loans and overdrafts	19,044	23,903	26,000	13,347
Trade and other payables	54,106	50,815	60,280	40,571
Due to ultimate controlling parent Company	175,722	211,658	209,600	147,545
Due to fellow subsidiaries	28,108	28,108	28,108	10,677
Finance lease payables	679	1,116	1,587	1,315
	277,659	315,600	325,575	213,455
NET CURRENT LIABILITIES	(75,891)	(128,178)	(137,883)	(161,370)
TOTAL ASSETS LESS CURRENT LIABILITIES	(34,384)	(90,911)	(110,745)	(144,009)
NON-CURRENT LIABILITIES				
Finance lease payables	686	935	768	194
Long term portion of other borrowings	6,900	–	–	–
	7,586	935	768	194
NET LIABILITIES	(41,970)	(91,846)	(111,513)	(144,203)
CAPITAL AND RESERVES				
Share capital	–	–	–	–
Reserves	(42,245)	(91,924)	(111,513)	(144,203)
Total equity attributable to equity shareholders of of the company	(42,245)	(91,924)	(111,513)	(144,203)
Minority interests	275	78	–	–
	(41,970)	(91,846)	(111,513)	(144,203)

(iii) Consolidated cash flow statements

Included in the consolidated cash flow statement of the Group are the cash flows of the Disposal Group for the Relevant Period and the six months ended 30 September 2006 as follow:

	31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation	11,094	(42,425)	(18,755)	(8,916)	(32,440)
Adjustments for:					
Amortisation of land lease premium	96	80	79	40	–
Finance costs	1,832	2,184	2,427	1,322	936
Share of profit of an associate	(629)	–	–	–	–
Interest income	(31)	(110)	(452)	(198)	(1,626)
Depreciation	2,941	3,560	4,164	2,012	2,241
Surplus on revaluation of buildings	(428)	–	–	–	–
Loss/(gain) on disposal of subsidiary	–	–	27	(16)	–
Impairment for doubtful debt	–	–	–	–	2,498
Impairment of mould deposit	–	956	1,341	–	5,514
Impairment for slow-moving and obsolete inventories	–	12,964	–	–	–
Impairment loss on property, plant and equipment	–	–	–	–	9,302
Loss/(gain) on disposal for property, plant and equipment	–	271	(5,961)	–	–
Operating profit/(loss) before changes in working capital	14,875	(22,520)	(17,130)	(5,756)	(13,575)
(Increase)/decrease in inventories	(3,842)	15,756	(7,277)	(7,293)	17,433
Decrease/(increase) in trade and other receivables	8,044	(3,011)	5,378	94,594	24,681
Decrease in other loan	(3,900)	–	–	–	–
(Decrease)/increase in trade and other payables	(8,075)	25,746	7,407	(77,542)	(19,708)
Increase/(decrease) in bank loan	1,843	4,307	(830)	2,347	(11,667)
Net cash (used in)/generated from operations	8,945	20,278	(12,452)	6,350	(2,836)
Tax paid	(304)	–	–	–	–
Net cash (used in)/generated from operating activities	8,641	20,278	(12,452)	6,350	(2,836)

	31 March			Six months ended 30 September	
	2005	2006	2007	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from an associate	4,560	–	–	–	–
Purchases of property, plant and equipement	(3,462)	(4,142)	(2,604)	(2,794)	(1,425)
(Increase)/decrease in pledged deposits	1,637	(6,319)	1,854	7,320	1,186
Decrease in an amount due to an associate	(2,208)	–	–	–	–
Interest received	31	110	452	198	1,626
Increase in mould deposits	(6,575)	(6,701)	(5,167)	(1,411)	(751)
Proceed from disposals of property, plant and equipment	–	2,404	18,943	16	–
Net cash (used in)/generated from investing activities	(6,017)	(14,648)	13,478	3,329	636
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital element of finance lease payments	(769)	(1,206)	(2,036)	(1,133)	(846)
Interest element of finance lease payments	(76)	(118)	(243)	(162)	(54)
Interest paid	(1,756)	(2,066)	(2,184)	(1,160)	(882)
Net cash (used in)/generated from financing activities	(2,601)	(3,390)	(4,463)	(2,455)	(1,782)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23	2,240	(3,437)	7,224	(3,982)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	341	(287)	(49)	(84)	(236)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	7,823	8,187	10,140	10,140	6,654
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	8,187	10,140	6,654	17,280	2,436
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	8,187	10,692	10,133	18,386	4,929
Bank overdrafts	–	(552)	(3,479)	(1,106)	(2,493)
	8,187	10,140	6,654	17,280	2,436

(b) Proposed acquisition

On 28 November 2007, the Company entered into a conditional acquisition agreement with Pure Hope Development Limited, a company incorporated in the British Virgin Islands and independent to the Company. Pursuant to the Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Ling Kit Holding Limited ("Ling Kit"). Ling Kit is an investment holding company solely engaged in the holding of 80% equity interest in 海城市東鑫實業有限公司, a company established in mainland China which will be principally engaged in the mining and processing of magnesite ore at the mine area containing magnesite resources located approximately 18 km southwest of Haicheng City of the Liaoning Province and approximately 120 km south of Shenyang, covering a mining area of approximately 0.8643 km^2. The consideration of HK$1,828 million will be satisfied at (i) HK$416 million in term of issuance of 800,000,000 new shares of the Company at the price of HK$0.52 per price; (ii)HK$1,092 million in term of convertible note in an aggregate principal amount of HK$1,092 million; and (iii) HK$320 million in term of promissory note with the principal amount of HK$320 million.

(c) Proposed increase in authorized share capital

As per the announcement dated 7 December 2007, the Company proposed to increase the authorised share capital of the Company from HK$300,000,000 comprising 3,000,000,000 shares to HK$1,000,000,000 comprising 10,000,000,000 shares by the creation of 7,000,000,000 shares, which will be subject to passing of the ordinary resolution by the shareholders at the special general meeting of the Company.

(d) Proposed change of name of the Company

As per the announcement dated 7 December 2007, the board of director of the Company proposed to change the name of the Company from "China Rise International Holdings Limited" to "Magnesium Resources Corporation of China Limited". The change of name is conditional on the completion of the proposed acquisition and is subject to, among others, passing of the special resolution by the shareholders at the special general meeting of the Company. Upon the change of name becoming effective, the Company will adopt the new Chinese name "中國鎂業資源集團有限公司" in lieu of "華晉國際控股有限公司" for identification purposes only.

CCIF CPA LIMITED
Certified Public Accountants
Hong Kong

Delores Teh
Practising Certificate Number P03207

INDEBTEDNESS

As at the close of business of 30 November 2007, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Enlarged Group had aggregate bank facilities of approximately HK$86,164,000, comprising bank overdrafts, bank loans, trust receipts loans, import trade loans, factoring facilities, among which HK$26,570,000 had been utilised by the Enlarged Group at that date. All of the utilised bank borrowings and finance leases of the Enlarged Group are secured.

As at the close of business on 30 November 2007, the Enlarged Group's bank borrowings and finance leases comprised bank overdrafts of approximately HK$6,143,000, packing loans of approximately HK$3,759,000, trust receipt loans and import trade loans of approximately HK$4,006,000 and HK$5,833,000 respectively, factoring loans and bills discounted with recourse of approximately HK$2,528,000 and HK$2,961,000 respectively and finance lease liabilities of approximately HK$1,340,000.

Security and guarantees

As the close of business on 30 November 2007, the Enlarged Group's banking facilities were supported by the following:

(i) pledged deposits of approximately HK$27,060,000;

(ii) the first legal charges over the Enlarged Group's leasehold land and buildings, which are situated in Hong Kong, with carrying values of approximately HK$4,407,000; and

(iii) corporate guarantee provided by the Enlarged Group.

Commitment

As the close of business on 30 November 2007, the Enlarged Group had capital commitment contracted but not provided for in respect of (i) property development expenditure of approximately RMB1,494,000 (equivalent to approximately HK$1,572,000); and (ii) purchases of mining licence of approximately RMB4,000,000 (equivalent to approximately HK$4,209,000).

As the close of business on 30 November 2007, the Group had total future minimum lease payments under non-cancelable operating leases in respect of rented premises amounting to approximately HK$1,350,000.

Contingent liabilities

As at 30 November 2007, the Enlarged Group had executed unlimited guarantees in favour of its minority shareholder in respect of the performance of obligation under contracts by independent third parties, with contract sum of approximately HK$39,308,000. In the opinion of the directors, such contracts have been substantially completed and, accordingly, the provision for the financial guarantee was not probable.

In addition, the Enlarged Group had executed corporate guarantees of approximately HK$12,621,000 to a bank for the issuance of performance bonds in favour of certain independent third parties relating to construction contracts.

The Enlarged Group has granted a buy-back undertaking with a bank in order to facilitate the mortgage arrangements provided by the bank to the buyers of the properties. Under this buy-back undertaking, the Enlarged Group may be obliged to buy back properties in the event of any defaults by the initial mortgagors (who are unrelated to the Enlarged Group) of properties sold. The outstanding mortgage granted by the bank as at 30 November 2007 was approximately RMB19,517,000 (equivalent to approximately HK$20,545,000) and a deposit of RMB2,395,000 (equivalent to approximately HK$2,521,000) was pledged to the bank as security for the Enlarged Group's obligation under the aforesaid undertaking.

Haicheng Dongxin Industry Company Limited, the subsidiary of Ling Kit Holding Limited, has undertaken a business reorganisation (the "Reorganisation") on 30 October 2007. Upon completion, Dongxin only operates the mining business in the People's Republic of China. Pursuant to the Reorganisation, the minority shareholders agreed to fully indemnify Dongxin certain bank borrowings, trade and other payables, tax provision, contingent liabilities and commitments in respect of the excluded business. Accordingly, no such liabilities have been provided in the financial statements of Ling Kit Group. The Directors are of the opinion that respective indemnifies will be obtained from its minority shareholders and therefore, any respective provision was not probable.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable and bills payables in the ordinary course of business, the Enlarged Group did not have any outstanding mortgages, charges, debentures, loans capital and overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptable credits or any guarantees or other material contingent liabilities as at the close of business on 30 November 2007.

WORKING CAPITAL

In the absence of unforeseen circumstances, the Directors are of the opinion that after taking into account, the existing credit facilities and present financial resources available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirement that is for at least 12 months from the date of this Circular.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

REVIEW OF RESULTS

The principal businesses of the Remaining Group are building materials supply and installation, property development business and interests in the mining and processing business of magnesite ore as described in the announcement of the Company dated 7 December 2007 in the PRC. At present, the Group has a residential property development project namely, Jia Lake Mountain Villa, in Liaobu, Dongguan, the PRC with a GFA of approximately 47,000 square meters. Besides, the Group has also renovated and revitalized the existing shopping mall with floor space of approximately 13,000 square meters inventories into investment properties for long term investment and rental purposes.

The building materials business has been developed with concentrating in marble, trendy and light-weight building materials supply and installation. As at 30 September 2007, the Remaining Group's contract sum of the incomplete projects was approximately HK$122.8 million. In view of the rapid development in property market in Macau, China and Hong Kong, the Group expects the contribution from the building material business to be considerable in the coming financial year.

During the six months ended 30 September 2007 and based on the unaudited pro forma consolidated income statement as set out in Appendix III to this circular, the turnover of the Remaining Group from continuing operation amounted to approximately HK$45.3 million which were derived from the contract revenue generated by the Remaining Group's building materials supply and installation business. The Remaining Group recorded loss attributable to the Shareholders from continuing operations of approximately HK$53.45 million.

FINANCIAL REVIEW

On 6 July 2007, the Company successfully completed the placing of 307,000,000 new shares at the Placing Price of HK$0.50 per new share. The net proceeds from the top-up subscription of HK$147.5 million have been used to finance general working capital of the Remaining Group.

As at 30 September 2007, the Remaining Group aggregated outstanding borrowings of approximately HK$8,231,000, comprising secured trust receipt loans of approximately HK$3,603,000 secured import trade loans of approximately HK$4,490,000, secured overdraft of approximately HK$45,000 and unsecured finance lease payables of approximately HK$93,000. The Remaining Group's gearing ratio expressed as a percentage of total interest-bearing borrowings over equity attributable to the Company's equity shareholders, reduced to 3.4% as at 30 September 2007. The decrease was mainly due to the enlarged Group's capital base as a result of the aforesaid placing of shares. As at 30 September 2007, the Remaining Group's working capital was approximately HK$208 million. Cash and bank balance as at 30 September 2007 was HK$154 million.

TREASURY AND FINANCIAL MANAGEMENT

The Remaining Group's treasury and financial management activities are centrally managed at the corporate level. As at 30 September 2007, the Remaining Group's bank borrowings of approximately HK$8,138,000 were denominated in Hong Kong Dollars to finance its building materials supply and installation business in Hong Kong and Macau, and such bank borrowings bear floating interest rates. During the year ended 31 March 2007 and the six months ended 30 September 2007, the Remaining Group did not enter into any derivative financial instruments for speculative or hedging purposes. The Remaining Group closely monitors its interest rate and foreign exchange exposures and will consider hedging these exposures should the need arise. Apart from the foregoing, the Remaining Group did not have any material exposures to interest rate or foreign exchange rates as at 30 September 2007.

HUMAN RESOURCES AND REMUNERATION POLICY

The Remaining Group had a total of approximately 52 employees as at 30 September 2007 mostly in Hong Kong and mainland China. The total amount of remuneration paid by the Remaining Group to its employees (including directors) for the six months ended 30 September 2007 was approximately HK$7.9 million.

Employees' remuneration are fixed and determined with reference to the market remuneration. In addition to the offering of competitive remuneration packages to the employees, discretionary bonuses may be granted to its employees based on the Group's results and the individual performance of the employees. The Group also maintains staff share option scheme. The remuneration policy and packages are reviewed from time to time.

CHARGE ON ASSETS AND PLEDGED DEPOSITS

At 30 September 2007, general banking facilities granted to the Remaining Group were secured by time deposits of HK$10.9 million.

MATERIAL ACQUISITIONS AND DISPOSALS

The Remaining Group did not undertake any significant acquisition or disposal of subsidiaries or assets during the year ended 31 March 2007 and the six months ended 30 September 2007, except the followings:–

(a) As announced by the Company on 11 September 2006, the Company entered into a share purchase agreement with an independent third party to acquire 30% further interest in Ancen Properties Limited ("Ancen") at a total consideration of HK$18,290,000 (the "Acquisition of Ancen") on 8 September 2006. The principal business of Ancen is real estate development. On 20 October 2006, the Acquisition of Ancen was completed. The consideration was settled by cash and was financed by the net proceeds from the Rights Issue in June 2006. Please refer to the Company's circular dated 30 September 2006 for details.

(b) As announced by the Company on 16 October 2006, the Company entered into a share purchase agreement with Mr. Cheng Tun Nei and Mr. Cheng Tze Kit, Larry, both are the executive directors of the Company, to acquire the entire interest in BIP (HK) Company Limited ("BIP") at a consideration of HK$3,068,000 (the "Acquisition of BIP") on 13 October 2006. The principal business of BIP is construction related work and provision of project management service. The Acquisition of BIP was completed on 1 November 2006. The consideration was settled by cash and was funded by internal resources. Please refer to the Company's circular dated 1 November 2006.

(c) As announced by the Company on 7 December 2007, the Company entered into a conditional acquisition agreement with Pure Hope Development Limited (the vendor), a company incorporated in the BVI with limited liability which is wholly-owned by Mr. Yam Tak Cheung (the guarantor). Pursuant to the acquisition agreement, the Company has conditionally agreed to i) acquire 50,000 issued shares, being the entire issued share capital of Ling Kit Holding Limited, a company established in the BVI with limited liability which is wholly-owned by the vendor and; ii) acquire the shareholder's loan owed by the Ling Kit Holding Limited to Mr. Yam Tak Cheung on the date of the completion of the acquisition at a total consideration of HK$1,828 million.

Ling Kit Holding Limited is an investment holding company solely engaged in the holding of an 80% equity interest in the 海城市東鑫實業有限公司(Haicheng Dongxin Industry Limited), a company established under the laws of the PRC with limited liability, which will be principally engaged in the mining and processing of magnesite ore mine after completion of the acquisition. The acquisition agreement has not been completed as at the Latest Practicable Date.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

With China's rapid economic growth, continued rise in people's disposable income, accelerated urbanization, appreciation of Renminbi and excess capital liquidity, the Remaining Group expects the property market will continue to remain prosperous. With the strengthened capital structure, the Remaining Group is in a better position to carry out its operations and to explore other potential investment opportunities to enhance Shareholders' value in the future.

As stated in the Company's announcement dated 7 December 2007, apart from focusing on its building materials supply and installation and property development business, the future plan of the Remaining Group is to focus on the magnesite mining industry in the PRC, which the Directors consider would broaden the Group's revenue base.

CAPITAL COMMITMENT

The Remaining Group's contracted capital commitments outstanding at 30 September 2007 not provide for in the financial statements was HK$1,476,000.

CONTINGENT LIABILITIES

At 30 September 2007, the Remaining Group undertook the obligation under a buy-back undertaking entered with a bank of RMB20,046,000 (equivalent to HK$20,647,000) relating to the mortgage loans arranged for certain purchasers of the Remaining Group's properties sold. Pursuant to the terms of the undertaking, in the event of any default in mortgage payments by any of these purchasers, the Remaining Group is responsible to repay the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the Remaining Group is entitled to take over the legal title and possession of the related properties. The Remaining Group's guarantee period commences from the dates of the drawdown of the relevant mortgage loans and ends when the Remaining Group obtains the "property title certificate" for the mortgagees.

A deposit of RMB2,395,000 (equivalent to HK$2,478,000) was pledged to a bank as security for the Remaining Group's obligation under the above undertaking.

The Remaining Group provided corporate guarantee of HK$3,000,000 and a deposit pledged to a bank for the issuance of a performance bond, in favour of an independent third party relating to a construction contract, amounting to HK$3,000,000.

No recognition was made because the fair value of the undertaking or guarantee as above was insignificant and that the directors did not consider it probable that a claim would be made against the Remaining Group under the undertaking or guarantee.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Unaudited Pro Forma Consolidated Income Statement

The following is the unaudited pro forma consolidated income statement of China Rise Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") assuming that the Group's entire 100% equity interest in Antec Appliances Limited ("Antec Appliances") and its subsidiary and Anex Electrical Company Limited ("Anex Electrical") and its subsidiary (collectively referred to as the "Disposal Group") had been disposed of for a consideration of HK$4 (the "Disposal") at the commencement of the six months ended 30 September 2007. The unaudited pro forma consolidated income statement was prepared based on the audited consolidated income statement of the Group for the six months ended 30 September 2007 as set out in the accountants' report on the Group in Appendix I to this circular, after adjusting mainly for the exclusion of the revenue, cost and expenses generated from the operations of the Disposal Group and the inclusion of the loss relating to the Disposal.

The unaudited pro forma consolidated income statement was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the results of the Group excluding the Disposal Group, (collectively referred to as the "Remaining Group"), for the six months ended 30 September 2007, had the Disposal taken place on 1 April 2007, or for any future financial periods.

	Six months ended 30 September 2007	Note 6a	Note 6c	Adjusted balances of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	107,605	–	(62,309)	45,296
COST OF SALES	(106,988)	–	68,521	(38,467)
GROSS PROFIT/(LOSS)	617	–	6,212	6,829
OTHER REVENUE	11,805	–	(5,809)	5,996
Selling and distribution expenses	(6,085)	–	5,686	(399)
Administrative expenses	(27,708)	–	10,598	(17,110)
Other operating expenses	(25,420)	–	14,817	(10,603)
Loss on disposal of subsidiary	–	(35,641)	–	(35,641)

	Six months ended 30 September 2007	Note 6a	Note 6c	Adjusted balances of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
PROFIT/(LOSS) FROM OPERATIONS	(46,791)	(35,641)	31,504	(50,928)
Finance costs	(951)	–	936	(15)
Share of profit/(loss) of an associate	–	–	–	–
PROFIT/(LOSS) BEFORE TAXATION	(47,742)	(35,641)	32,440	(50,943)
Income tax	(1,012)	–	–	(1,012)
PROFIT/(LOSS) FOR THE PERIOD	(48,754)	(35,641)	32,440	(51,955)
ATTRIBUTABLE TO:				
Equity shareholders of the Company	(50,249)	(35,641)	32,440	(53,450)
Minority interests	1,495	–	–	1,495
	(48,754)	(35,641)	32,440	(51,955)

2. Unaudited Pro Forma Consolidated Income Statement

The following is the unaudited pro forma consolidated income statement of China Rise Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") assuming that the Group's entire 100% equity interest in Antec Appliances Limited ("Antec Appliances") and its subsidiary and Anex Electrical Company Limited ("Anex Electrical") and its subsidiary (collectively referred to as the "Disposal Group") had been disposed of for a consideration of HK$4 (the "Disposal") at the commencement of the year ended 31 March 2007. The unaudited pro forma consolidated income statement was prepared based on the audited consolidated income statement of the Group for the year ended 31 March 2007 as set out in the accountants' report on the Group in Appendix I to this circular, after adjusting mainly for the exclusion of the revenue, cost and expenses generated from the operations of the Disposal Group and the inclusion of the loss relating to the Disposal.

The unaudited pro forma consolidated income statement was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the results of the Group excluding the Disposal Group, (collectively referred to as the "Remaining Group"), for the year ended 31 March 2007, had the Disposal taken place on 1 April 2006, or for any future financial periods.

	Year ended 31 March 2007	Note 6b	Note 6d	Adjusted balances of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	209,701	–	(203,010)	6,691
COST OF SALES	(194,901)	–	189,137	(5,764)
GROSS PROFIT	14,800	–	(13,873)	927
OTHER REVENUE	5,082	–	(9,029)	(3,947)
Selling and distribution expenses	(15,166)	–	15,026	(140)
Administrative expenses	(48,279)	–	22,873	(25,406)
Other operating expenses	(3,736)	–	1,331	(2,405)
Loss on disposal of subsidiary	–	(57,471)	–	(57,471)
LOSS FROM OPERATIONS	(47,299)	(57,471)	16,328	(88,442)
Finance costs	(2,671)	–	2,427	(244)
Share of loss of an associate	(5,544)	–	–	(5,544)
LOSS BEFORE TAXATION	(55,514)	(57,471)	18,755	(94,230)
Income tax	131	–	–	131
LOSS FOR THE YEAR	(55,383)	(57,471)	18,755	(94,099)
ATTRIBUTABLE TO:				
Equity shareholders of the Company	(55,027)	(57,471)	18,687	(93,811)
Minority interests	(356)	–	68	(288)
	(55,383)	(57,471)	18,755	(94,099)

3. Unaudited Pro Forma Consolidated Balance Sheet

The following is the unaudited pro forma consolidated balance sheet of the Group assuming that the Group's entire 100% equity interests in the Disposal Group had been disposed of as at 30 September 2007. The unaudited pro forma consolidated balance sheet was prepared based on the audited consolidated balance sheet of the Group as at 30 September 2007 as set out in the accountants' report on the Group in Appendix I to this circular, after adjusting mainly for the exclusion of the carrying values of assets and liabilities of the Disposal Group as at 30 September 2007.

The unaudited pro forma consolidated balance sheet was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Remaining Group as at 30 September 2007, had the Disposal taken place on 30 September 2007, or at any future dates.

	As at 30 September 2007	Note 6e	Note 6f	Note 6g	Adjusted balance of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	62,166	(17,361)	–	–	44,805
Investment properties	11,313	–	–	–	11,313
Interests in leasehold land held for own use under operating leases	3,660	–	–	–	3,660
Goodwill	4,957	–	–	–	4,957
	82,096	(17,361)	–	–	64,735
CURRENT ASSETS					
Inventories	67,989	(24,033)	–	–	43,956
Interest in leasehold land held for own use under operating leases	121	–	–	–	121
Trade and other receivables	55,633	(18,842)	–	5,135	41,926
Pledged deposits	15,175	(4,281)	–	4,281	15,175
Cash and cash equivalents	159,078	(4,929)	–	–	154,149
	297,996	(52,085)	–	9,416	255,327
CURRENT LIABILITIES					
Bank loans and overdrafts	21,485	(13,347)	–	13,347	21,485
Trade and other payables	67,871	(40,571)	–	1,729	29,029
Due to fellow subsidiary	–	(158,223)	158,223	–	–
Provision for taxation	1,955	–	–	–	1,955
Finance lease payables	1,386	(1,316)	–	–	70
	92,697	(213,457)	158,223	15,076	52,539
NET CURRENT ASSETS	205,299	161,372	(158,223)	(5,660)	202,788
TOTAL ASSETS LESS CURRENT LIABILITIES	287,395	144,011	(158,223)	(5,660)	267,523

	As at 30 September 2007	Note 6e	Note 6f	Note 6g	Adjusted balance of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT LIABILITIES					
Finance lease payables	217	(194)	–	–	23
Deferred tax liabilities	18,235	–	–	–	18,235
	18,452	(194)	–	–	18,258
NET ASSETS	268,943	144,205	(158,223)	(5,660)	249,265
CAPITAL AND RESERVES					
Share capital	195,998	–	–	–	195,998
Reserves	57,215	144,205	(158,223)	(5,660)	37,537
Total equity attributable to equity shareholders of the Company	253,213	144,205	(158,223)	(5,660)	233,535
Minority interests	15,730	–	–	–	15,730
TOTAL EQUITY	268,943	144,205	(158,223)	(5,660)	249,265

4. Unaudited Pro Forma Consolidated Cash Flow Statement

The following is the unaudited pro forma consolidated cash flow statement of the Group assuming that the Disposal Group had been disposed of at the commencement of the six months ended 30 September 2007. The unaudited consolidated cash flow statement was prepared based on the audited consolidated cash flow statement of the Group for the six months ended 30 September 2007 as set out in the accountants' report on the Group in Appendix I to this circular, after adjusting mainly for the exclusion of the cash flows arising from the activities of the Disposal Group and the inclusion of the cash flows relating to the Disposal.

The unaudited pro forma consolidated cash flow statement was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the cash flows of the Remaining Group for the six months ended 30 September 2007, had the Disposal taken place on 1 April 2007, or for any future financial periods.

	Six months ended 30 September 2007	Note 6h	Adjusted balances of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	(47,742)	32,440	(15,302)
Adjustment for:			
Amortisation of land lease premium	66	–	66
Finance costs	951	(936)	15
Interest income	(1,626)	1,626	–
Gain on disposal of property, plant and equipment	(7,074)	–	(7,074)
Depreciation	5,101	(2,241)	2,860
Impairment losses on trade and other receivables	8,012	(8,012)	–
Impairment losses on property, plant and equipment	19,769	(9,302)	10,467
Net gain on deemed disposal of inventories	(186)	–	(186)
Operating profit/(loss) before changes in working capital	(22,729)	13,575	(9,154)
(Increase)/decrease in inventories	15,188	(17,433)	(2,245)
Increase in trade and other receivables	(15,208)	(7,954)	(23,162)
Increase in due from former subsidiaries	–	(16,727)	(16,727)
(Decrease)/increase in trade and other payables	(21,914)	19,708	(2,206)
Increase/(decrease) in bank loans	(3,846)	11,667	7,821
Cash used in operations	(48,509)	2,836	(45,673)
Tax paid	(3,072)	–	(3,072)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	(51,581)	2,836	(48,745)

	Six months ended 30 September 2007	Note 6h	Adjusted balances of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment to acquire property, plant and equipment and land lease premium	(457)	1,425	968
Proceeds from disposal of property, plant and equipment	12,223	–	12,223
Increase in mould deposits	(751)	751	–
Decrease in pledged deposits	(3,156)	(1,186)	(4,342)
Interest received	1,626	(1,626)	–
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	9,485	(636)	8,849
CASH FLOWS FROM FINANCING ACTIVITIES			
Placing of shares	147,530	–	147,530
Bonus warrants	10,806	–	10,806
Repayment of other loan	(250)	–	(250)
Interest paid	(888)	882	(6)
Interest element of finance lease payments	(63)	54	(9)
Capital element of finance lease payments	(888)	846	(42)
NET CASH INFLOW FROM FINANCING ACTIVITIES	156,247	1,782	158,029
NET INCREASE IN CASH AND CASH EQUIVALENTS	114,151	3,982	118,133
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,229	236	1,465
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	41,160	(6,654)	34,506
CASH AND CASH EQUIVALENTS AT END OF PERIOD	156,540	(2,436)	154,104
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank	159,078	(4,929)	154,149
Bank overdrafts	(2,538)	2,493	(45)
	156,540	(2,436)	154,104

5. Unaudited Pro Forma Consolidated Cash Flow Statement

The following is the unaudited pro forma consolidated cash flow statement of the Group assuming that the Disposal Group had been disposed of at the commencement of the year ended 31 March 2007. The unaudited consolidated cash flow statement was prepared based on the audited consolidated cash flow statement of the Group for the year ended 31 March 2007 as set out in the accountants' report on the Group in Appendix I to this circular, after adjusting mainly for the exclusion of the cash flows arising from the activities of the Disposal Group and the inclusion of the cash flows relating to the Disposal.

The unaudited pro forma consolidated cash flow statement was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the cash flows of the Remaining Group for the year ended 31 March 2007, had the Disposal taken place on 1 April 2006, or for any future financial periods.

	Year ended 31 March 2007	**Note 6i**	**Adjusted balances of the Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	(55,514)	18,755	(36,759)
Adjustment for:			
Amortisation of land lease premium	149	(79)	70
Finance costs	2,671	(2,427)	244
Share of loss of an associate	5,544	–	5,544
Interest income	(1,326)	452	(874)
Depreciation	10,122	(4,164)	5,958
Loss on disposal of a subsidiary	67	(27)	40
Impairment losses on mould deposits	–	(1,341)	(1,341)
Impairment losses on trade and other receivables	1,362	–	1,362
Impairment loss on goodwill	2,327	–	2,327
Gain on disposal for property, plant and equipment	(861)	5,961	5,100
Write down of inventories	4,344	–	4,344
Operating loss before changes in working capital	(31,115)	17,130	(13,985)
Increase in inventories	(12,335)	7,277	(5,058)
Decrease/(increase) in trade and other receivables	(1,824)	(5,378)	(7,202)
Increase in trade and other payables	7,953	(7,407)	546
Decrease in bank loans	(559)	830	271
Cash used in operations	(37,880)	12,452	(25,428)
Tax paid	–	–	–
NET CASH USED IN OPERATING ACTIVITIES	(37,880)	12,452	(25,428)

	Year ended 31 March 2007	Note 6i	Adjusted balances of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(4,543)	2,604	(1,939)
Net cash outflow from disposal of a subsidiary	(38)	–	(38)
Net cash inflow from acquisition of subsidiaries	7,191	–	7,191
Increase in mould deposits	(5,167)	5,167	–
Decrease/(increase) in pledged deposits	(4,699)	(1,854)	(6,553)
Decrease in amount due to an associate	–	(452)	(452)
Net proceeds from disposals of property, plant and equipment	2,693	(18,943)	(16,250)
Interest received	1,326	–	1,326
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(3,237)	(13,478)	(16,715)
CASH FLOW FROM FINANCING ACTIVITIES			
Right issue	74,085	–	74,085
Bonus warrants	764	–	764
Repayment of other loan	(325)	–	(325)
Interest paid	(2,413)	2,184	(229)
Interest element of finance lease payments	(258)	243	(15)
Capital element of finance lease payments	(2,036)	2,036	–
NET CASH INFLOW FROM FINANCING ACTIVITIES	69,817	4,463	74,280
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,700	3,437	32,137
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	770	49	819
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	11,690	(10,140)	1,550
CASH AND CASH EQUIVALENT AT END OF YEAR	41,160	(6,654)	34,506
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	45,245	(10,133)	35,112
Bank overdrafts	(4,085)	3,479	(606)
	41,160	(6,654)	34,506

6. Notes to the Unaudited Pro Forma Financial Information

a) The adjustment reflects the estimated loss on the Disposal of totaling approximately HK$35,641,000 recognised by the Remaining Group which is calculated based on:

i) the carrying value of the Disposal Group as at 31 March 2007 (as if the Disposal had been completed on 1 April 2007) as set out in note 40(a)(ii) of Appendix I of this circular;

ii) the effect of the impairment loss arising on the sale of the right of and benefits in the amounts owing from the Disposal Group to the Group as at 31 March 2007;

iii) the exclusion of the pledged deposits of approximately HK$4,281,000, accounts receivable collaterals of approximately HK$5,135,000 and bank loans of approximately HK$13,347,000 pursuant to the Sales and Purchase Agreement; and

iv) the estimated costs and expenses directly attributable to the disposal.

b) The adjustment reflects the estimated loss on the Disposal of totaling approximately HK$57,471,000 recognised by the Remaining Group which is calculated based on:

i) the carrying value of the Disposal Group as at 31 March 2006 (as if the Disposal had been completed on 1 April 2006) as set out in note 40(a)(ii) of Appendix I of this circular;

ii) the effect of the impairment loss arising on the sale of the right of and benefits in the amounts owing from the Disposal Group to the Group as at 31 March 2006;

iii) the exclusion of the pledged deposits of approximately HK$4,281,000, accounts receivable collaterals of approximately HK$5,135,000 and bank loans of approximately HK$13,347,000 pursuant to the Sales and Purchase Agreement; and

iv) the estimated costs and expenses directly attributable to the disposal.

c) The adjustment reflects the effect of the Disposal, which represents the exclusion of the revenue, cost and expenses generated from the operations of the Disposal Group for the six months ended 30 September 2007 as if the Disposal had been completed on 1 April 2007.

d) The adjustment reflects the effect of the Disposal, which represents the exclusion of the revenue, cost and expenses generated from the operations of the Disposal Group for the year ended 31 March 2007 as if the Disposal had been completed on 1 April 2006.

e) The adjustment reflects the carrying value of assets and liabilities of the Disposal Group to be disposed of in relation to the Disposal as at 30 September 2007 as if the Disposal had been completed on 30 September 2007.

f) The adjustment represented the sale of the right of and benefits in the amounts owing from the Disposal Group to the Group as at 30 September 2007 as if the Disposal had been completed on 30 September 2007.

g) The adjustment represented the balances of pledged deposits, accounts receivable collaterals and the bank loans recorded in the Disposal Group as at 30 September 2007 which are not included in the Disposal as at 30 September 2007 and the estimated costs and expenses directly attributable to the disposal as described in note (a) and (b) above.

h) The adjustment reflects the cash flow effect from the Disposal for the six months ended 30 September 2007 as if the Disposal had been completed on 1 April 2007.

i) The adjustment reflects the cash flow effect from the Disposal for the year ended 31 March 2007 as if the Disposal had been completed on 1 April 2006.

j) The above pro forma adjustments have no continuing effect on the Group.

B. LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a report, prepared for the sole purpose of inclusion 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

14 January 2008

The Directors
China Rise International Holdings Limited

Dear Sirs

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of China Rise International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), excluding Antec Appliances Limited ("Antec Appliances") and its subsidiary and Anex Electrical Company Limited ("Anex Electrical") and its subsidiary (collectively referred to as the "Disposal Group") (hereinafter referred to as the "Remaining Group"), set out on pages 99 to 110 in this Appendix to the circular dated 14 January 2008 (the "Circular") issued by the Company in connection with a very substantial disposal resulting from the proposed disposal (the "Disposal") of the entire 100% equity interest in Antec Appliances and Anex Electrical and entire amounts owing by Antec Appliances and Anex Electrical to the Group, pursuant to the Agreement dated 8 December 2007 entered into between Ocean Alliance (HK) Limited, an independent third party incorporated in Hong Kong and the Company. The pro forma financial information is unaudited and has been prepared by the directors of the Company, solely for illustrative purposes, to provide information about how the Disposal and the transactions as described in the accompanying introduction to the Unaudited Pro Forma Financial Information of the Remaining Group might have affected the historical financial information in respect of the Group presented in the accountants' report on the historical financial information set out in Appendix I to this Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with Rule 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.

It is our responsibility to form an opinion, as required by Rule 4.29(7) 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 engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. 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. This engagement did not involve independent examination of any of the underlying 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 purpose of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Remaining Group as at 30 September 2007 or any future dates; or

- the results and cash flows of the Remaining Group for the year ended 31 March 2007 and the six months 30 September 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 Rule 4.29(1) of the Listing Rules.

Yours faithfully
CCIF CPA Limited
Certified Public Accountants
Hong Kong

Delores Teh
Practising Certificate Number P03207

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, were as follows:

Interests in Shares

Name of Director	Capacity	Number of Shares or underlying Shares (long position)	Number of warrants held	Approximate percentage of the Company's total issued share capital as at the latest practicable date	Approximate percentage of the Company's total issued share capital immediately after completion of the acquisition *(Note 2)*
Mr. Cheng Tun Nei *(Note 1)*	Beneficial owner/ family interest	519,155,600	3,149,600	24.74%	17.91%
Ms. Li Wa Hei *(Note 1)*	Beneficial owner/ family interest	519,155,600	3,149,600	24.74%	17.91%
Dr. Siu Miu Man	Beneficial owner	Nil	400	0%	0%
Ms. Chung Oi Ling, Stella	Beneficial owner	75,000,000	Nil	3.57%	2.59%

Note: 1. Out of 519,155,600 Shares and 3,149,600 Warrants, 513,595,600 Shares and 2,071,200 Warrants are beneficially owned by Mr. Cheng and 5,560,000 Shares and 1,078,400 Warrants are held by his spouse Ms. Li Wa Hei.

2. The acquisition is stipulated in the Acquisition Agreement.

Save as disclosed in this circular, as the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules.

(b) Directors' interests in assets/contracts and other interests

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group since 31 March 2007, being the date to which the latest published audited consolidated accounts of the Group were made up.

(c) Service contracts of the Directors

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

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following person (other than a director or chief executive of the Company) had or were deemed or taken to have interest or short position in the Shares and underlying shares of the Company 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:

Interests in Shares

Name of shareholder	Capacity	Number of issued Shares held	Number of unissued Shares held	Aggregate interest	Approximate percentage of the Company's total issued share capital as at the latest practicable date	Approximate percentage of the Company's total issued share capital immediately after completion of the acquisition *(Note 3)*
Mr. Yam Tak Cheung	Beneficially owner	28,500,000 *(Note 1)*	800,000,000	828,500,000 (L) *(Note 2)*	1.36%	28.58%

Note: 1. The 800,000,000 unissued Shares represent the Consideration Shares to be issued to the Vendor upon completion of the acquisition.

2. The letter "L" stands for long position.

3. The acquisition is stipulated in the Acquisition Agreement.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

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

5. MATERIAL CONTRACTS

The following contracts, not being contracts entered into the ordinary course of business, were entered into by the Group during the period commencing two years preceding the Latest Practicable Date and are or may be material:

(i) the underwriting agreement dated 2 May 2006 entered into between the Company and Sanfull Securities Limited in relation to the rights issue of 768,641,743 rights shares of the Company.

(ii) The share purchase agreement dated 8 September 2006 entered into between the Company and Mr. Mo Zhiming in relation to the acquisition of 30% interest in Ancen Properties Limited.

(iii) The share purchase agreement dated 13 October 2006 entered into between Anex Construction and Engineering Holdings Limited, a wholly-owned subsidiary of the Company, and Mr. Cheng Tun Nei and Mr. Cheng Tze Kit, Larry in relation to the acquisition of 100% interest in and loan to BIP (HK) Company Limited.

(iv) A provisional agreement dated 28 December 2006 entered into between the Company and an independent third party to dispose of Unit D on 14th Floor of Mai Shun Industrial Building at Kwai Chung at a consideration of HK$2,700,000. The disposal was completed on 30 January 2007.

(v) A provisional agreement dated 2 April 2007 entered into between the Company and an independent third party to dispose of Unit B on 6th Floor of Mai Shun Industrial Building at Kwai Chung at a consideration of HK$3,150,000. The disposal was completed on 18 May 2007.

(vi) A provisional agreement dated 20 April 2007 entered into between the Company and an independent third party to dispose of Unit A & B on 9th Floor and Carpark Space Nos. 27 and 28 on the Ground Floor of Mai Shun Industrial Building at Kwai Chung at a consideration of HK$9,038,000. The disposal was completed on 30 May 2007.

(vii) The placing and subscription agreement dated 22 June 2007 entered into amongst the Company, Mr. Cheng Tun Nei and Taiwan Securities (Hong Kong) Company Limited in relation to the placing and subscription of up to 307,000,000 shares of the Company at HK$0.50 each.

(viii) The acquisition agreement dated 28 November 2007 entered into between the Company and Pure Hope Development Limited in relation to a proposed acquisition of 100% interest in Ling Kit Holding Limited for an 80% interest in magnesite mine.

(ix) The Agreement dated 8 December 2007 entered into between the Company and Ocean Alliance (HK) Limited as referred to in the paragraph headed "The Agreement dated 8 December 2007" in the "Letter from the Board" of this circular.

6. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates were considered to have any interests in businesses which compete or were likely to compete, either directly or indirectly, with the business of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

7. EXPERT AND CONSENT

(i) The following is the qualification of the expert who has been named in this circular or has given opinions and advice which contained in this circular:

Name	**Qualification**
CCIF CPA Limited ("CCIF")	Certified Public Accountants

(ii) CCIF did not have any shareholding, directly or indirectly, 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.

(iii) CCIF has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter or the references to its name in the form and context in which they respectively appear.

(iv) CCIF did not have any direct or indirect interest in any asset which has been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since the date to which the latest published audited financial statements of the Group were made up.

8. MISCELLANEOUS

(i) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(ii) The head office and principal place of business of the Company in Hong Kong is at Room 1606-07 West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(iii) The company secretary as well as the qualified accountant of the Company is Mr. Liu Kam Lung. Mr. Liu is an associate member of Hong Kong Institute of Certified Public Accountants, a fellow member of Association of Chartered Certified Accountants, United Kingdom, an associate member of Hong Kong Institute of Chartered Secretaries and an associate member of Institute of Chartered Secretaries of Administrators, United Kingdom.

(iv) The branch share registrar and transfer office of the Company is Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(v) In the event of inconsistence, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company from the date of this circular up to and including the date of the SGM:

(i) the memorandum of association and bye-laws of the Company;

(ii) the annual reports of the Company for the two years ended 31 March 2006 and 2007;

(iii) the accountant's report of the Group, the text of which is set out in Appendix I to this circular.

(iv) the report from CCIF CPA Limited in respect of the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular

(v) the written consent referred to under the paragraph headed "Expert and consent" in this appendix; and

(vi) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(vii) the circular of the Company dated 30 July 2007 in relation to proposed granting of general mandates to repurchase and to issue shares, refreshment of the limit of the share option scheme, re-election of retiring directors and election of directors, change of name of the Company and notice of annual general meeting.

CHINA RISE INTERNATIONAL HOLDINGS LIMITED
華晉國際控股有限公司*

(formerly known as Anex International Holdings Limited)
(Incorporated in Bermuda with limited liability)
(Stock code: 723)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "Meeting") of China Rise International Holdings Limited (the "Company") will be held at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387-397 Queen's Road East, Wanchai, Hong Kong on Tuesday, 29 January 2008 at 10:00 a.m. for the purpose of considering and if thought fit, approving the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) the agreement dated 8 December 2007 (the "Agreement") entered into between the Company and Ocean Alliance (HK) Limited (the "Purchaser") (a copy of which has been produced to this meeting marked "A" and initialed by the chairman of this meeting for the purpose of identification) in relation to the disposal of i) the 1st Sale Shares (as defined in the circular of the Company dated 14 January 2008 (the "Circular")) and the 2nd Sale Shares (as defined in the Circular), representing 100% equity interest in Antec Appliances Limited ("Antec Appliances") and Anex Electrical Company Limited ("Anex Electrical"), respectively; and ii) the 1st Sale Loan (as defined in the Circular) and the 2nd Sale Loan (as defined in the Circular), representing the entire amounts owing by Antec Appliances and Anex Electrical and their subsidiaries to the Group (as defined in the Circular) on the Completion Date (as defined in the Circular), respectively to the Purchaser pursuant to the Agreement and all transactions contemplated thereunder (details of which are set out in the Circular) be and are hereby approved, ratified and confirmed; and

(b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by them to be incidental to, ancillary to or in connection with the matters contemplated in the Agreement as he/they may consider necessary, desirable or expedient."

* *For identification purpose only*

2. "**THAT** the following retiring Directors be re-elected:

   (a) Mr. Teoh Tean Chai, Anthony;
   (b) Ms. Chung Oi Ling, Stella;
   (c) Mr. Wu Chi Chiu; and
   (d) Mr. Lo Chi Ho, William.

3. "**THAT** the Board of Directors be and is hereby authorized to fix the remuneration of the Directors".

By order of the Board of
China Rise International Holdings Limited
Cheng Tun Nei
Chairman

Hong Kong, 14 January 2008

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting may appoint one or more than one proxy to attend and to vote instead of him. A proxy need not be a member of the Company.

2. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share of the Company as if he were solely entitled thereto; but if more than one or such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. In order to be valid, the proxy form duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

4. Completion and return of the proxy form will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the proxy form, it will be deemed to have been revoked.

5. As at the date of this notice, the board of directors of the Company comprises four executive directors, namely Mr. Cheng Tun Nei, Dr. Siu Miu Man, Mr. Teoh Tean Chai, Anthony and Ms. Chung Oi Ling, Stella, one non-executive director, namely Ms. Li Wa Hei, and three independent non-executive directors, namely Mr. Chan Sun Kwong, Mr. Wu Chi Chiu and Mr. Lo Chi Ho, William.