NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

1. BASIS OF PREPARATION

The condensed consolidated interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The condensed consolidated interim financial report should be read in conjunction with the 2006 annual financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (HKFRSs which term collectively includes HKASs and Interpretations) that are effective or available for early adoption for accounting periods beginning on or after 1 January 2006.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 March 2007.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures[1]
HKAS 21 (Amendment)	Net Investment in a Foreign Operation[1]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[1] and The Fair Value Option[1]
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts[1]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[1]
HK (IFRIC) – INT 4	Determining whether an Arrangement Contains a Lease[1]
HK (IFRIC) – INT 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[1]
HK (IFRIC) – INT 6	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment[2]
HK (IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]

1 Effective for annual periods beginning on or after 1 January 2006
2 Effective for annual periods beginning on or after 1 December 2005
3 Effective for annual periods beginning on or after 1 March 2006

The adoption of the above new standards, amendments to standards and interpretations did not result in substantial changes to the Group's accounting policies.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the adoption of such standards and interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments – Disclosures[1]
HK (IFRIC) – INT 8	Scope of HKFRS[2]
HK (IFRIC) – INT 9	Reassessment of Embedded Derivatives[3]
HK (IFRIC) – INT 10	Interim Financial Reporting and Impairment[4]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 May 2006
3 Effective for annual periods beginning on or after 1 June 2006
4 Effective for annual periods beginning on or after 1 November 2006

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's geographical segments. Information related to geographical segments based on the location of external customers is chosen because it is more relevant to the Group internal financial reporting. The Group has two business segments, namely the design and manufacture of electrical appliances and the trading of merchandise. No further business segment information is presented as over 90% of the Group's consolidated turnover, results and assets are related to the design and manufacture of electrical appliances.

3. **SEGMENT INFORMATION (CONTINUED)**

Geographical segments

The following table presents segment revenue, segment assets and capital expenditure information for the Group's geographical segments.

	Segment revenue		Other segment information			
	Sales to external customers		Capital expenditure		Segment assets	
	Six months ended 30 September		Six months ended 30 September		As at 30 September	As at 31 March
	2006	2005	**2006**	2005	**2006**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**60,186**	36,637	**2,801**	1,349	**103,761**	85,874
North America	**30,060**	22,080	**1,399**	813	**51,823**	58,953
South America	**6,151**	7,209	**286**	266	**10,604**	17,452
Asia Pacific	**4,773**	10,710	**218**	394	**8,061**	9,335
Middle East	**6,410**	6,860	**298**	253	**11,051**	7,213
Oceania	**2,023**	2,319	**94**	85	**3,488**	2,661
Corporate and others	**–**	–	**471**	–	**69,398**	16,108
	109,603	85,815	**5,567**	3,160	**258,186**	197,596

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

	Capital expenditure		Segment assets	
	Six months ended 30 September		As at 30 September	As at 31 March
	2006	2005	**2006**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**10**	5	**10,950**	10,527
North America	**–**	–	**10,757**	10,341
South America	**–**	–	**6,242**	6,001
Asia Pacific	**5,086**	3,155	**157,918**	151,812
Middle East	**–**	–	**2,525**	2,427
Oceania	**–**	–	**396**	380
Corporate and others	**471**	–	**69,398**	16,108
	5,567	3,160	**258,186**	197,596

4. SEASONALITY OF OPERATIONS

The Group's sales of electrical appliance business are subject to seasonal fluctuations as a result of festivals or holidays. In particular, the group enjoys high turnover of the electrical appliances and correspondingly the gross profits during Christmas and New Year season. The Group attempts to minimize the seasonal impact through management of inventories to meet the demand during this period. However, revenue tends to be lower during the first half year.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

		Six months ended 30 September	
		2006	2005
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
(a)	Finance costs:		
	Interest on bank loans, overdrafts and other loans wholly repayable within five years	**1,372**	1,045
	Finance charges on obligations under finance leases	**168**	56
	Total borrowing costs	**1,540**	1,101
(b)	Other items:		
	Cost of inventories sold*	**98,364**	81,489
	Staff costs (including directors' remuneration)	**22,975**	16,203
	Depreciation	**5,070**	5,475
	(Gain)/loss on disposal of property, plant and equipment	**(16)**	25
	Minimum lease payments under operating leases for land and building (including directors' quarters)	**827**	628

* Included staff costs of approximately HK$11,420,000 (2005: HK$7,710,000) and depreciation of approximately HK$3,884,000 (2005: HK$4,065,000), the amount of which is also included in the respective total amounts disclosed separately above.

6. INCOME TAX

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – Overseas	**94**	215

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during both periods. Taxations for overseas subsidiaries are charged at the appropriate current rates of taxation in the relevant countries.

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 September 2006 is based on the net loss attributable to equity shareholders of the Company of approximately HK$19,160,000 (2005: HK$20,075,000) and the weighted average number of 1,143,512,000 ordinary shares (2005: weighted average of 454,460,000 ordinary shares after adjusting for the rights issue in 2006) in issue during the period.

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 September 2006 have not been disclosed as the bonus warrants outstanding during the period had an anti-dilutive effect on the basic loss per share for the period.

8. CAPITAL EXPENDITURE

During the current period, the Group spent approximately HK$5,567,000 (2005: HK$3,160,000) on additions to plant and equipment to upgrade its manufacturing capabilities.

9. DEPOSIT FOR ACQUISITION OF A SUBSIDIARY

On 8 September 2006, Mr. Mo Zhiming (the "Vendor"), an independent third party and the Company entered into a Share Purchase Agreement whereby the Company agreed to acquire additional 30% equity interest in Ancen Properties Limited ("Ancen Properties"), an associate of the Company from the Vendor for a consideration of HK$18,290,000 as outlined in the Company's circular dated 30 September 2006. Upon completion, Ancen Properties will become a 70% owned subsidiary of the Company. At 30 September 2006, the acquisition had not been completed subject to the shareholders' approval and the amount of HK$18,290,000 paid, being the full consideration, was accounted for as deposit for the acquisition of a subsidiary.

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit and letter 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.

An aged analysis of the trade receivables as at the balance sheet date, based on invoice date and net of impairment losses for bad and doubtful debts, is as follows:

	At 30 September 2006	At 31 March 2006
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**13,210**	15,945
31 – 60 days	**9,316**	7,119
61 – 90 days	**519**	658
Over 90 days	**–**	110
	23,045	23,832

11. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	At 30 September 2006	At 31 March 2006
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within days	**9,567**	11,198
31 – 60 days	**10,491**	5,951
61 – 90 days	**8,580**	4,080
Over 90 days	**10,683**	10,244
	39,321	31,473

12. SHARE OPTIONS

During the current period, no share option has been granted under the share option scheme.

13. SHARE CAPITAL AND RESERVES

	Share capital (note)	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
At 1 April 2005 (as restated)	45,752	2,789	4,995	15,865	587	66,464	136,452	275	136,727
Net loss for the period	–	–	–	–	–	(20,075)	(20,075)	10	(20,065)
Placement of shares	9,151	–	–	–	–	–	9,151	-	9,151
Exchange realignments	–	–	–	–	(387)	–	(387)	(20)	(407)
Revaluation reserve released on disposals	–	–	–	(417)	–	417	–	–	–
At 30 September 2005 (as restated)	54,903	2,789	4,995	15,448	200	46,806	125,141	265	125,406

Note: On 30 June 2006, rights issue of one rights share for every existing share together with an issue of two bonus warrants for every five rights shares was made, at an issue price of HK$0.10 per rights share, resulting in the issue of 768,641,743 shares of HK$0.10 each for a total cash consideration. As a result, a total of 307,456,696 warrants were issued which entitling the holders thereof to subscribe for new shares at an initial subscription price of HK$0.10 per share upon exercise of one warrant.

14. COMMITMENTS

(a) Capital commitments outstanding at 30 September 2006 not provided for in the financial statements were as follows:

	At 30 September 2006 ***HK$'000*** **(Unaudited)**	At 31 March 2006 *HK$'000* (Audited)
Contracted but not provided for	**826**	1,450

(b) At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 September 2006 ***HK$'000*** **(Unaudited)**	At 31 March 2006 *HK$'000* (Audited)
Within one year	**1,420**	1,420
In the second to fifth years, inclusive	**997**	1,707
	2,417	3,127

15. CONTINGENT LIABILITIES

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

	At 30 September 2006 ***HK$'000*** **(Unaudited)**	At 31 March 2006 *HK$'000* (Audited)
Standby letter of credit facilities granted by a bank for warranty claims	**6,630**	–

16. RELATED PARTY TRANSACTIONS

(a) During the current period, the Group had the following transactions with the related parties:

		Six months ended 30 September	
	Notes	**2006** **HK$'000** **(Unaudited)**	2005 *HK$'000* (Unaudited)
Interest expenses paid to a director	(i)	**207**	–
Rental of a director's quarter paid to a related company	(ii)	**270**	240
Rental of office premises paid to a related company	(iii)	**440**	–
Purchase of a motor vehicle from a director	(iv)	**342**	–

Note:

(i) The interest expense related to an advance of HK$8,000,000 from a director, Mr. Cheng Tun Nei. The interest is calculated at a rate of 1% per annum and above the Prime Rate. The loan has been settled on 29 June 2006.

(ii) On 22 May 2006 the Company 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$45,000 (2005: HK$40,000)

(iii) On 28 February 2006 the Company entered into a lease agreement with a related company, Gold Regent International Limited, a company controlled by Mr. Cheng Tun Nei, a director of the Company, to lease office premises for a period of two years commencing on 1 March 2006 at a monthly rental of HK$73,340 (2005: HK$Nil)

(iv) On 1 April 2006 the Company entered into a purchase agreement with a director, Mr. Cheng Tun Nei, to purchase a motor vehicle from the latter for a consideration of HK$341,644.

(b) Key management compensation

Details of compensation paid to key management of the Group (all being directors of the Company) are as follows:

	Six months ended 30 September	
	2006 **HK$'000** **(Unaudited)**	2005 *HK$'000* (Unaudited)
Salaries and other benefits	**2,073**	1,054
Contribution to retirement benefit scheme	**32**	37
	2,105	1,091

17. EVENT AFTER BALANCE SHEET DATE

(a) Acquisition of subsidiaries

(i) On 13 October 2006, Anex Construction and Engineering Holdings Limited ("Anex Construction"), a wholly-owned subsidiary of the Company, and Mr. Cheng Tun Nei and Mr. Cheng Tze Kit, Larry (the "Vendors") entered into an agreement pursuant to which Anex Construction had conditionally agreed to purchase the entire issued share capital and the shareholders' loans made to BIP (HK) Company Limited for a consideration of HK$5,776,114.

The Vendors were executive directors of the Company and the acquisition therefore constituted a connected transaction of the Company as outlined in the Company's circular dated 1 November 2006. The acquisition was completed on 1 November 2006.

(ii) With reference to note 9 above, subsequent to the balance sheet date on 19 October 2006, the acquisition of Ancen Properties was approved by the Shareholders of the Company and completed on 20 October 2006.

(b) Expired banking facilities

With reference to note 15, subsequent to the balance sheet date on 10 December 2006, the standby letter of credit facilities granted by a bank for warranty claims was expired and released.