

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



BEP INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 2326)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

FINANCIAL RESULTS

The Board of Directors (the "Directors" or "We") of BEP International Holdings Limited (the "Company") is pleased to announce the financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009 together with the comparative figures for the 2008 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Continuing operation			
Turnover	3	5,977	–
Cost of sales		(5,695)	–
Gross profit		282	–
Other income		2	1
Administrative expenses		(12,900)	(5,616)
Finance costs	5	(1,075)	(18)
Loss before taxation	6	(13,691)	(5,633)
Taxation	7	(22)	–
Loss for the year from continuing operation		(13,713)	(5,633)
Discontinued operation			
Loss for the year from discontinued operation		(23,216)	(30,323)
Loss for the year		(36,929)	(35,956)
		HK cent	HK cent
Loss per share – Basic	10		
From continuing and discontinued operations		(0.76)	(0.74)
From continuing operation		(0.28)	(0.12)

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Property, plant and equipment		289	23,043
Deferred tax assets		–	3,661
		<u>289</u>	<u>26,704</u>
Current assets			
Inventories		–	53,916
Trade and other receivables	11	3,527	32,751
Bank balances and cash		167	5,855
		<u>3,694</u>	<u>92,522</u>
Current liabilities			
Trade and other payables	12	7,302	84,020
Amount due to a subsidiary under liquidation		2,222	–
Obligations under a finance lease		111	111
Bank borrowings		–	4,432
		<u>9,635</u>	<u>88,563</u>
Net current (liabilities) assets		<u>(5,941)</u>	<u>3,959</u>
Total assets less current liabilities		<u>(5,652)</u>	<u>30,663</u>
Non-current liabilities			
Amount due to ultimate holding company		11,651	4,669
Other loan		4,535	–
Obligations under a finance lease		155	266
Deferred tax liabilities		22	–
		<u>16,363</u>	<u>4,935</u>
Net (liabilities) assets		<u>(22,015)</u>	<u>25,728</u>
Capital and reserves			
Share capital		2,426	2,426
Reserves		(24,441)	23,302
(Deficiency) balance of shareholders' equity		<u>(22,015)</u>	<u>25,728</u>

1. BASIS OF PREPARATION

The announcement has been presented 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.

Going concern basis

At 31 March 2009, the Group had accumulated losses of HK\$48,552,000 and the Group's consolidated net current liabilities and net liabilities amounted to HK\$5,941,000 and HK\$22,015,000, respectively. The Group also had outstanding other loan and amount due to ultimate holding company of HK\$4,535,000 and HK\$11,651,000, respectively.

Subsequent to the balance sheet date, the other loan and amount due to ultimate holding company, which are repayable in full on 1 April 2010, have been assigned to Long Channel Investments Limited ("Long Channel") on 24 June 2009 (Long Channel has become the immediate holding company of the Company on the same date). On 7 July 2009, Long Channel agreed to extend the repayment date of these loans to 1 April 2011. On 9 July 2009, the Group entered into a facility agreement with Long Channel for a loan facility in an aggregate principal amount up to HK\$20,000,000 to finance the Group's operations. Such loan is unsecured, interest bearing at 1% per annum and repayable after the expiry of 18 months from the date of facility agreement or any other date as agreed by Long Channel or the Group in writing. The directors of the Company are confident that the Group will continue to obtain the ongoing support from Long Channel.

In the meantime, the Group will continue to focus on the trading of electronic components business and will expand its product mix by means of merger and acquisition or cooperation to broaden its business scope as well as income source. The directors of the Company are also considering various business alternatives to resume the Group's manufacturing operation to complement the Group's strategic plan in broadening its business scope and sources of income by taking business opportunities to diversify into other business through investments or business ventures.

Based on the factors described above, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Subsidiaries deconsolidated

Notwithstanding that the Group holds 100% equity interests in Bailingda Industrial (Shenzhen) Company Limited ("BEP (China)"), Better Electrical Products (HK) Company Limited ("BEP (HK)") and BEP Corporate Management Limited ("BEPCM") as at 31 March 2009, these companies were no longer regarded as subsidiaries of the Group as the directors of the Company are of the opinion that the control of these companies had been lost during the year.

(a) **BEP (China)**

With reference to an announcement issued by the Company on 17 October 2008, BEP (China) had continued to incur operating losses and the directors of the Company considered that it was in the interest of the Group to cease operation of BEP (China) from 20 October 2008.

Soon after the release of the announcement, the media reported widely on the cessation of operations of BEP (China). The premises of BEP (China) were sealed by 深圳寶安區人民法院 (the "Baoan People's Court") with orders issued on 26 October 2008 and 24 November 2008 respectively. Neither the Group nor any of its employees has received the above orders from the Baoan People's Court. In this respect, the directors of the Company decided to appoint a PRC lawyer to handle the matters related thereto. According to the legal advice of this PRC lawyer, the court order issued on 26 October 2008 was to seal the premises in order to restrict entrance except authorised government officers. The court order issued on 24 November 2008 was to seal the assets inside the premises after investigation by the government officers.

Since the premises of BEP (China) had been withheld by the Baoan People's Court, the directors of the Company were unable to access its complete set of underlying books and records together with the supporting documents.

The directors of the Company are of the opinion that the Group no longer had the power to govern the financial and operating policies of BEP (China), and accordingly the Group no longer controlled BEP (China) notwithstanding that the Group holds a 100% equity interest in BEP (China). It is no longer regarded as a subsidiary of the Group since all the assets of BEP (China) have been withheld by the Baoan People's Court since 26 October 2008. The directors of the Company resolved to deconsolidate BEP (China) as at that date.

The latest management accounts available are only up to 30 September 2008. Accordingly, the results of BEP (China) have been consolidated in the consolidated financial statements of the Group up to 30 September 2008. The consolidated income statement presented a loss on deconsolidation of HK\$49,677,000.

On 30 April 2009, the Baoan People's Court arranged an auction of the sealed assets of BEP (China) through 深圳市安達拍賣行有限公司, an auction company in Shenzhen. The auction was concluded at a sum of approximately RMB23,000,000 (equivalent to HK\$26,077,000) which exceeded the amount paid by the local government to the PRC employees for settlement of salaries and compensations upon termination of employment. However, the directors of the Company have not been updated by the Baoan People's Court for the future usage of the residual amount.

The directors of the Company are of the view that the Group has no control over BEP (China) as from 26 October 2008 and will proceed BEP (China) for liquidation when the Group is able to do so.

(b) BEP (HK) and BEPCM

After cessation of operation of BEP (China) from 20 October 2008, the trading business of electrical home appliance was affected and BEP (HK) and BEPCM continued to incur losses. In March 2009, the directors of the Company considered that the losses of BEP (HK) and BEPCM were not bearable and they were in insolvency position, accordingly the directors of the Company appointed BDO Financial Services Limited to handle the liquidation of BEP (HK) and BEPCM.

Extraordinary general meetings of BEP (HK) and BEPCM were convened on 13 March 2009 in which it had been demonstrated to the satisfaction that these companies could not, by reason of its liabilities, continue their businesses and it was resolved to wind up BEP (HK) and BEPCM by way of a voluntary winding up under Section 241 of the Hong Kong Companies Ordinance. On 27 March 2009, the notice of creditors' meetings was published on The Government of the Hong Kong Special Administrative Region Gazette. In this respect, the directors of the Company are of the opinion that the control of BEP (HK) and BEPCM had been lost with effect from 27 March 2009. The directors resolved to deconsolidate BEP (HK) and BEPCM as at that date.

Accordingly, the results of BEP (HK) and BEPCM have been consolidated in the consolidated financial statements of the Group up to 27 March 2009. The consolidated income statement presented a gain on winding up of HK\$32,707,000.

Creditors' meetings for BEP (HK) and BEPCM had been held to consider the statement of affairs. As at the date of approval of consolidated financial statements, the winding up of BEP (HK) and BEPCM are still in progress.

In the opinion of the directors of the Company, the Group has no material obligations or commitments in BEP (China), BEP (HK) and BEPCM that require either adjustments to or disclosure in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations of Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of financial statements ³
HKAS 23 (Revised)	Borrowing costs ³
HKAS 27 (Revised)	Consolidated and separate financial statements ⁴
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ³
HKAS 39 (Amendment)	Eligible hedge items ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ³
HKFRS 2 (Amendment)	Vesting conditions and cancellations ³
HKFRS 3 (Revised)	Business combinations ⁴
HKFRS 7 (Amendment)	Improving disclosures about financial instruments ³
HKFRS 8	Operating segments ³
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives ⁵
HK(IFRIC) – INT 13	Customer loyalty programmes ⁶
HK(IFRIC) – INT 15	Agreements for the construction of real estate ³
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation ⁷
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners ⁴
HK(IFRIC) – INT 18	Transfer of assets from customers ⁸

¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

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

⁴ Effective for annual periods beginning on or after 1 July 2009.

⁵ Effective for annual periods ending on or after 30 June 2009.

⁶ Effective for annual periods beginning on or after 1 July 2008.

⁷ Effective for annual periods beginning on or after 1 October 2008.

⁸ Effective for transfers on or after 1 July 2009.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results or financial position of the Group.

3. SEGMENT INFORMATION

For management purposes, the Group has determined that geographical segments be presented as the primary reporting format and business segments as the secondary reporting format.

Geographical segments

An analysis of the Group's turnover and contribution to segment results, assets and liabilities by geographical markets, based on the location of customers, irrespective of the origin of the goods, is presented below:

	Europe HK\$'000	North America HK\$'000	Australia and New Zealand HK\$'000	Asia (Note 1) HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 March 2009						
Continuing operation						
TURNOVER	-	-	-	5,977	-	5,977
RESULTS						
Segment results	-	-	-	282	-	282
Unallocated income						2
Finance costs						(1,075)
Unallocated expenses						(12,900)
Loss before taxation						(13,691)
Taxation						(22)
Loss for the year						(13,713)
ASSETS						
Segment assets	-	-	-	2,488	-	2,488
Corporate assets						1,495
						3,983
LIABILITIES						
Segment liabilities	-	-	-	2,208	-	2,208
Corporate liabilities						23,790
						25,998

	Europe HK\$'000	North America HK\$'000	Australia and New Zealand HK\$'000	Asia (Note 1) HK\$'000	Other HK\$'000	Total HK\$'000
Discontinued operation						
TURNOVER	<u>42,470</u>	<u>10,215</u>	<u>2,996</u>	<u>14,711</u>	<u>3,437</u>	<u>73,829</u>
RESULTS						
Segment results						
– allocated	5,321	1,796	553	2,056	566	10,292
– unallocated (Note 2)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,269</u>
	<u>5,321</u>	<u>1,796</u>	<u>553</u>	<u>2,056</u>	<u>566</u>	<u>14,561</u>
Interest income						15
Unallocated income						133
Finance costs						(668)
Unallocated expenses						(19,698)
Gain on winding up of subsidiaries						32,707
Loss on deconsolidation of a subsidiary						<u>(49,677)</u>
Loss before taxation						(22,627)
Taxation						<u>(589)</u>
Loss for the year						<u>(23,216)</u>

As at 31 March 2009, there are no segment assets and segment liabilities related to discontinued operation.

	Europe HK\$'000	North America HK\$'000	Australia and New Zealand HK\$'000	Asia (Note 1) HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 March 2009						
Consolidated total						
TURNOVER	<u>42,470</u>	<u>10,215</u>	<u>2,996</u>	<u>20,688</u>	<u>3,437</u>	<u>79,806</u>
RESULTS						
Segment results						
– allocated	5,321	1,796	553	2,338	566	10,574
– unallocated (Note 2)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,269</u>
	<u>5,321</u>	<u>1,796</u>	<u>553</u>	<u>2,338</u>	<u>566</u>	<u>14,843</u>
Interest income						15
Unallocated income						135
Finance costs						(1,743)
Unallocated expenses						(32,598)
Gain on winding up of subsidiaries						32,707
Loss on deconsolidation of a subsidiary						<u>(49,677)</u>
Loss before taxation						(36,318)
Taxation						<u>(611)</u>
Loss for the year						<u>(36,929)</u>
ASSETS						
Segment assets	-	-	-	2,488	-	2,488
Corporate assets						<u>1,495</u>
						<u>3,983</u>
LIABILITIES						
Segment liabilities	-	-	-	2,208	-	2,208
Corporate liabilities						<u>23,790</u>
						<u>25,998</u>

	Europe HK\$'000	North America HK\$'000	Australia and New Zealand HK\$'000	Asia (Note 1) HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 March 2008						
Continuing operation						
TURNOVER	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RESULTS						
Segment results	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest income						1
Finance costs						(18)
Unallocated expenses						<u>(5,616)</u>
Loss before taxation						(5,633)
Taxation						<u>-</u>
Loss for the year						<u>(5,633)</u>
ASSETS						
Corporate assets						<u>1,630</u>
LIABILITIES						
Corporate liabilities						<u>387</u>

	Europe HK\$'000	North America HK\$'000	Australia and New Zealand HK\$'000	Asia (Note 1) HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 March 2008						
Discontinued operation						
TURNOVER	<u>189,641</u>	<u>77,208</u>	<u>23,014</u>	<u>40,845</u>	<u>14,623</u>	<u>345,331</u>
RESULTS						
Segment results						
– allocated	4,728	(6,727)	1,402	514	(1,702)	(1,785)
– unallocated (Note 2)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(12,702)</u>
	<u>4,728</u>	<u>(6,727)</u>	<u>1,402</u>	<u>514</u>	<u>(1,702)</u>	<u>(14,487)</u>
Interest income						70
Unallocated income						1,245
Finance costs						(2,124)
Unallocated expenses						<u>(21,067)</u>
Loss before taxation						(36,363)
Taxation						<u>6,040</u>
Loss for the year						<u>(30,323)</u>
ASSETS						
Segment assets						
– allocated	16,026	534	852	3,426	1,239	22,077
– unallocated						<u>84,022</u>
						<u>106,099</u>
Corporate assets						<u>11,497</u>
						<u>117,596</u>
LIABILITIES						
Segment liabilities						
– allocated	1,980	–	–	–	30	2,010
– unallocated						<u>76,586</u>
						<u>78,596</u>
Corporate liabilities						<u>14,515</u>
						<u>93,111</u>

	Europe HK\$'000	North America HK\$'000	Australia and New Zealand HK\$'000	Asia (Note 1) HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 March 2008						
Consolidated total						
TURNOVER	<u>189,641</u>	<u>77,208</u>	<u>23,014</u>	<u>40,845</u>	<u>14,623</u>	<u>345,331</u>
RESULTS						
Segment results						
– allocated	4,728	(6,727)	1,402	514	(1,702)	(1,785)
– unallocated (Note 2)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(12,702)</u>
	<u>4,728</u>	<u>(6,727)</u>	<u>1,402</u>	<u>514</u>	<u>(1,702)</u>	<u>(14,487)</u>
Interest income						71
Unallocated income						1,245
Finance costs						(2,142)
Unallocated expenses						<u>(26,683)</u>
Loss before taxation						(41,996)
Taxation						<u>6,040</u>
Loss for the year						<u>(35,956)</u>
ASSETS						
Segment assets						
– allocated	16,026	534	852	3,426	1,239	22,077
– unallocated						<u>84,022</u>
						<u>106,099</u>
Corporate assets						<u>13,127</u>
						<u>119,226</u>
LIABILITIES						
Segment liabilities						
– allocated	1,980	–	–	–	30	2,010
– unallocated						<u>76,586</u>
						<u>78,596</u>
Corporate liabilities						<u>14,902</u>
						<u>93,498</u>

Notes:

1. For segment information relating to continuing operation, Asia represents Hong Kong. For those relating to discontinued operation, Asia represents Japan and Korea.
2. Reversal of (provision for) claims for employees' overtime compensations is considered as segment income or expense but cannot be allocated based on location of customers.

An analysis of the Group's other information related to property, plant and equipment attributable to geographical markets by location of customers for both years is not presented as the amounts involved cannot be allocated by location of its customers.

The following table is an analysis of the carrying amount of segment assets and capital additions, analysed by the geographical areas in which the assets are located:

	Carrying amount of		Capital additions	
	segment assets			
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	2,488	26,570	–	1,120
The People's Republic of China ("PRC")	–	79,529	230	4,007
	2,488	106,099	230	5,127

Business segments

For management purpose, the Group was organised into two operating divisions – design, manufacture and sale of home electrical appliances (discontinued operation) and trading of electronic components (continuing operation).

The following table provides an analysis of the Group's sales by operating divisions:

	2009	2008
	HK\$'000	HK\$'000
Design, manufacture and sale of home electrical appliances	73,829	345,331
Trading of electronic components	5,977	–
	79,806	345,311

The following table provides an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the operating divisions, for the year ended 31 March 2009:

	Carrying amount of segment assets	Capital additions
	HK\$'000	HK\$'000
Design, manufacture and sale of home electrical appliances	–	230
Trading of electronic components	2,488	–
	<u>2,488</u>	<u>230</u>

For the year ended 31 March 2008, the Group's turnover and assets are substantially attributable to the design, manufacture and sale of home electrical appliances. Accordingly, no analysis by business segment is presented.

4. REVERSAL OF (PROVISION FOR) CLAIMS FOR EMPLOYEES' OVERTIME COMPENSATIONS

During the year ended 31 March 2008, the Group received three batches of claims from a number of employees of the Group in the PRC (the "PRC Factory Employees") in respect of the underpayment of overtime compensations to the PRC Factory Employees for the period from 1 September 2005 to 30 June 2007. The Group disagreed with the amount of overtime compensations claimed by the PRC Factory Employees and all the three batches of claims were passed to 深圳市寶安區勞動爭議仲裁委員會 (the "Arbitration Committee"). Arbitrations of the three batches of claims were made on 4 December 2007, 14 April 2008 and 30 April 2008, respectively and the arbitrated overtime compensations payable to the PRC Factory Employees, in aggregate, amounted to approximately RMB13,718,000 (equivalent to HK\$15,224,000).

The Group and the PRC Factory Employees were not satisfied with the arbitrated amounts and the three batches of claims were then submitted to the Baoan People's Court. Eventually, the Group and the PRC Factory Employees reached a consent on the settlement amounts of the first and second batches of claims which were judged by the Baoan People's Court in May 2008 and July 2008, respectively. The total agreed settlement amount of claims for employees' overtime compensations for the first and second batches of claims was amounted to RMB4,988,000 (equivalent to HK\$5,535,000), which was about 50% of the full amount determined by the Arbitration Committee ("50% Settlement Basis").

As at the date of approval of consolidated financial statements for the year ended 31 March 2008, the third batch of claims had not been judged and concluded by the Baoan People's Court. With reference to the outcome of the first and second batches of claims and the legal advice from the Company's PRC lawyers, the directors of the Company expected the Baoan People's Court would conclude the third batch of claims on the same settlement basis as the first and second batches of claims, and the estimated amount of the third batch of claims which would be judged and concluded by the court is RMB2,075,000 (equivalent to HK\$2,303,000). In addition, a provision of RMB4,383,000 (equivalent to HK\$4,864,000) had been made for the year ended 31 March 2008 in respect of potential claims for underpayment of overtime compensations to other employees in the PRC before 30 June 2007. The balance of claims for employees' overtime compensations as at 31 March 2008 was HK\$12,702,000.

During the year ended 31 March 2009, the third batch of claims has been judged and concluded by the Baoan People's Court. The agreed settlement amount is RMB2,433,000 (equivalent to HK\$2,765,000) and the difference with the amount accrued as at 31 March 2008 of RMB358,000 (equivalent to HK\$462,000) is charged to the consolidated income statement for the year.

According to the legal advice of the Company's PRC lawyers, the Group's PRC employees can claim the underpayment of overtime compensations for a period of not more than two years from the date they make their claims to the Group. No claims of overtime compensations other than the above three batches of claims have been received by the Group, accordingly, provision in respect of potential claims for underpayment of overtime compensations to other employees in the PRC lapsed after two years the other employees have worked overtime. A reversal of HK\$4,731,000 is credited to the consolidated income statement for the year and is included in loss for the year from discontinued operation.

5. FINANCE COSTS

	Continuing operation		Discontinued operation		Consolidated total	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	-	-	-	1,027	-	1,027
Interest on other loan	235	-	-	-	235	-
Imputed interest on amount due to ultimate holding company	822	-	298	-	1,120	-
Finance lease charges	13	16	-	-	13	16
Bank charges	5	2	370	1,097	375	1,099
	1,075	18	668	2,124	1,743	2,142

6. LOSS BEFORE TAXATION

	Continuing operation		Discontinued operation		Consolidated total	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Loss before taxation has been arrived at after charging (crediting):						
Auditor's remuneration	680	-	4	728	684	728
Depreciation of property, plant and equipment						
– owned by the Group	-	-	3,592	10,896	3,592	10,896
– held under a finance lease	115	56	-	-	115	56
Loss (gain) on disposal of property, plant and equipment	-	-	2,210	(193)	2,210	(193)
Minimum lease payments under operating leases in respect of:						
– rented premises	1,272	-	2,392	4,087	3,664	4,087
– motor vehicle	-	-	48	50	48	50
Staff costs						
– directors' remuneration	1,866	1,804	-	1,148	1,866	2,952
– staff salaries and wages	557	364	20,811	47,916	21,368	48,280
– (reversal of) provision for claims for employees' overtime compensations	-	-	(4,269)	12,702	(4,269)	12,702
– retirement benefits scheme contributions	13	29	220	281	233	310
	<u>2,436</u>	<u>2,197</u>	<u>16,762</u>	<u>62,047</u>	<u>19,198</u>	<u>64,244</u>
Interest income	-	(1)	(15)	(70)	(15)	(71)

7. TAXATION

	Continuing operation		Discontinued operation		Consolidated total	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The (charge) credit comprises:						
Hong Kong Profits Tax						
Overprovision in prior year	-	-	-	1,933	-	1,933
Deferred taxation	(22)	-	(589)	4,107	(611)	4,107
	<u>(22)</u>	<u>-</u>	<u>(589)</u>	<u>6,040</u>	<u>(611)</u>	<u>6,040</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the companies operating in Hong Kong have no assessable profits for both years.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008–2009. The effect of such decrease has been reflected in measuring the current tax for the year ended 31 March 2009.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No provision for PRC enterprise income tax was made for 2009 since the subsidiary operating in the PRC incurred a tax loss for the year. No provision for PRC enterprise income tax has been made for 2008 as the profit of that subsidiary was wholly absorbed by tax losses brought forward.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Whereas, dividend distributed out of the profits generated thereafter, shall be subject to the Enterprise Income Tax at 5% or 10% and withheld by the PRC entities, pursuant to Articles 3 and 27 of the New Law and Article 91 of its Detailed Implementation Rules. No deferred tax liability on the undistributed profits earned during the year ended 31 March 2009 has been recognised as the subsidiary operating in the PRC incurred losses.

8. DISCONTINUED OPERATION

BEP (China) and BEP (HK) are principally engaged in the design, manufacture and sale of home electrical appliances. Upon deconsolidation of BEP (China) and winding up of BEP (HK) during the year, the Group has ceased these operations. Accordingly, the design, manufacture and sale of home electrical appliances operation is presented as a discontinued operation in the consolidated financial statements. The results of the design, manufacture and sale of home electrical appliances operation for the year, which have been included in the consolidated income statement, are as follows:

	Notes	2009 HK\$'000	2008 HK\$'000
Turnover	3	73,829	345,331
Cost of sales		(59,168)	(337,107)
Gross profit		14,661	8,224
Other income		148	1,315
Selling and distribution costs		(4,369)	(10,009)
Administrative expenses		(19,698)	(21,067)
Reversal of (provision for) claims for employees' overtime compensations	4	4,269	(12,702)
Finance costs	5	(668)	(2,124)
Loss before taxation	6	(5,657)	(36,363)
Taxation	7	(589)	6,040
Loss of design, manufacture and sale of home electrical appliances operation for the year		(6,246)	(30,323)
Gain on winding up of subsidiaries		32,707	–
Loss on deconsolidation of a subsidiary		(49,677)	–
		(23,216)	(30,323)

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2009, nor has any dividend been proposed since the balance sheet date (2008: nil).

10. LOSS PER SHARE

For continuing and discontinued operations

The calculation of basic loss per share is based on the loss for the year attributable to shareholders of the Company of HK\$36,929,000 (2008: HK\$35,956,000) and on the weighted average of 4,852,000,000 ordinary shares (2008: 4,833,628,415) in issue during the year.

From continuing operation

The calculation of basic loss per share is based on the loss for the year from continuing operation attributable to shareholders of the Company of HK\$13,713,000 (2008: HK\$5,633,000) and on the weighted average of 4,852,000,000 ordinary shares (2008: 4,833,628,415) in issue during the year.

11. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK\$'000	HK\$'000
Trade debtors	–	22,077
Trade deposits paid	2,488	2,343
Value added tax recoverable	–	5,371
Sundry debtors and prepayments	1,039	2,960
	<u>3,527</u>	<u>32,751</u>

The aged analysis of trade debtors at the balance sheet date is as follows:

	2009	2008
	HK\$'000	HK\$'000
0 – 30 days	–	17,097
31 – 60 days	–	1,351
61 – 180 days	–	275
Over 180 days	–	3,354
	<u>–</u>	<u>22,077</u>

Trade debts which were settled by letters of credit were due at sight or in accordance with the respective terms of the letters of credit normally ranging from 30 to 120 days. For other trade debts, the Group provided a credit period normally ranging from 30 to 90 days to its customers.

Included in trade debtors as at 31 March 2008 were bills discounted with recourse amounting to HK\$3,883,000 (2009: nil).

12. TRADE AND OTHER PAYABLES

	2009 HK\$'000	2008 HK\$'000
Trade creditors	–	63,884
Claims for employees' overtime compensations	–	12,702
Other payables and accruals	5,094	5,424
Trade deposits received	2,208	2,010
	<u>7,302</u>	<u>84,020</u>

The aged analysis of trade creditors at the balance sheet date is as follows:

	2009 HK\$'000	2008 HK\$'000
0 – 30 days	–	18,323
31 – 60 days	–	23,839
61 – 180 days	–	18,806
Over 180 days	–	2,916
	<u>–</u>	<u>63,884</u>

The credit period on purchases of goods is ranged from 60 to 90 days.

13. LITIGATIONS

(a) BEP (China)

Up to the date of approval of the consolidated financial statements, the Group received claims from a number of suppliers of an aggregate amount of RMB14,502,000 (equivalent to HK\$16,442,000) against BEP (China). All claims have either been settled through court mediation or are in the court proceedings. The premises of BEP (China) have been withheld by the Baoan People's Court, and there is a possibility that new claims might be made against the Group for which the Group has no knowledge. With the advice from a legal adviser, the directors of the Company are of the opinion that BEP (China) will be liable for its own debts and liabilities as it is a company established in the PRC with limited liability. As a result, the Group has no legal obligation to pay the alleged debts and interest. Accordingly, no provision in respect thereof has been made in the consolidated financial statements.

(b) BEP (HK)

Up to the date of approval of the consolidated financial statements, the Group also received claims of an aggregate amount of HK\$19,705,000 against BEP (HK). As BEP (HK) has appointed a liquidator and is in the process of winding up, there is a possibility that new claims might be made against BEP (HK) for which the Group has no knowledge. As BEP (HK) is a limited liability company incorporated in Hong Kong, the directors of the Company are of the opinion that the Group has no legal obligation to pay the alleged debts and interest. Accordingly, no provision in respect thereof has been made in the consolidated financial statements.

14. POST BALANCE SHEET EVENT

In January 2008, Mr. Zhang Xi, a director and major shareholder of the Company, entered into a loan agreement with Longtale International Limited ("Longtale") and Elite Agent Limited ("Elite") for facilities granted to him and charged 3,453,000,000 shares, representing approximately 71.17% of the issued share capital of the Company, held by Big Jump Investments Limited ("Big Jump") as security. Mr. Zhang Xi has defaulted the repayment of the loan and this empowered Longtale and Elite the right to sell the charged shares.

In addition, on 30 May 2009, the advance from Big Jump, which is wholly and beneficially owned by Mr. Zhang Xi, with total principal amount of approximately HK\$17,170,000 (representing the advance to the Group with principal amount of HK\$12,170,000 and the advance to BEP (HK) with principal amount of HK\$5,000,000 which was deconsolidated on winding up of BEP (HK)) was assigned to Elite. On the same date, the other loan of RMB4,000,000 (equivalent to HK\$4,535,000) was also assigned to Elite. There is no change in repayment terms upon assignments of the advance from Big Jump and the other loan.

On 10 June 2009, Longtale and Elite entered into a sale and purchase agreement with Long Channel for the disposal of 2,703,000,000 shares in the Company, representing part of the charged shares as mentioned above, for a consideration of HK\$9,000,000 and the debts owed by the Group to Elite of an aggregate amount of approximately HK\$21,705,000 for an aggregate consideration of HK\$13,000,000. There is no change in repayment terms upon assignment of the debts owed by the Group to Elite. After the completion of the sale and purchase agreement on 24 June 2009, Long Channel has become the immediate holding company of the Company.

On 7 July 2009, Long Channel agreed to extend the repayment date of the debts owed by the Group to 1 April 2011. On 9 July 2009, the Group entered into a facility agreement with Long Channel for a loan facility in an aggregate principal amount up to HK\$20,000,000 to finance the Group's operations. Such loan is unsecured, interest bearing at 1% per annum and repayable after the expiry of 18 months from the date of facility agreement or any other date as agreed by Long Channel or the Group in writing.

MODIFICATION TO THE AUDITOR'S REPORT

The audit opinion for the consolidated financial statements of the Group for the year ended 31 March 2009 has been modified and is extracted as follows:

Basis for disclaimer of opinion

Scope limitation – loss on deconsolidation of a subsidiary

During the year ended 31 March 2009, the Group recorded a loss on deconsolidation of a subsidiary of HK\$49,677,000 as set out in notes 2, 11 and 29 to the consolidated financial statements. As described in note 2 to the consolidated financial statements, the loss on deconsolidation of subsidiary related to the deconsolidation of Bailingda Industrial (Shenzhen) Company Limited (“BEP (China)”), a company in which the Group holds a 100% equity interest. After the directors of the Company resolved to cease the operations of BEP (China), the premises of BEP (China) and the assets and accounting books and records inside were sealed by 深圳寶安區人民法院 (“Baoan People’s Court”). The directors of the Company therefore deconsolidated BEP (China) as from 26 October 2008 as they consider that the Group no longer had the power to govern the financial and operating policies of BEP (China), and accordingly control over BEP (China) was lost when the premises of BEP (China) were sealed by Baoan People’s Court. However, we have been unable to inspect the court orders issued by the Baoan People’s Court, and accordingly we have been unable to obtain sufficient reliable evidence to satisfy ourselves as to whether it is appropriate to deconsolidate the assets and liabilities from the consolidated financial statements.

The Group recorded a loss on deconsolidation of BEP (China) based on its unaudited balance sheet as at 30 September 2008 and unaudited income statement for the period from 1 April 2008 to 30 September 2008, which are the latest management accounts available to the directors of the Company. The loss of BEP (China) prior to deconsolidation included in the consolidated financial statements amounted to HK\$28,357,000. However, as a result of the circumstances described above, the directors of the Company have been unable to provide us with the complete set of accounting books and records for BEP (China). We have therefore been unable to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to whether the loss on deconsolidation of BEP (China) and the loss included in the consolidated financial statements up until the date of deconsolidation of BEP (China), as well as the related disclosures set out in the notes to the consolidated financial statements are free from material misstatement.

Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the state of the Group’s affairs as at 31 March 2009 and on its loss for the year ended 31 March 2009.

Scope limitation – gain on winding up of subsidiaries

During the year ended 31 March 2009, the Group recorded a gain on winding up of subsidiaries of HK\$32,707,000 as set out in notes 2, 11 and 29 to the consolidated financial statements. As further described in note 2 to the consolidated financial statements, the gain on winding up of subsidiaries related to the voluntary winding up under Section 241 of the Hong Kong Companies Ordinance of Better Electrical Products (HK) Company Limited (“BEP (HK)”) and BEP Corporate Management Limited (“BEPCM”), companies in which the Group holds a 100% equity interest. A liquidator has been appointed to start the liquidation process of BEP (HK) and BEPCM, and the complete set of accounting books and records of BEP (HK) and BEPCM have been withheld by the liquidator, and accordingly the directors of the Company were unable to obtain any access to them. The directors deconsolidated BEP (HK) and BEPCM as from 27 March 2009 and recorded a gain on deconsolidation of BEP (HK) and BEPCM based on their unaudited balance sheets as at 27 March 2009 and unaudited income statements for the period from 1 April 2008 to 27 March 2009. The combined profit of BEP (HK) and BEPCM prior to deconsolidation included in the consolidated financial statements amounted to HK\$22,111,000.

As a result of the circumstances described above, the directors of the Company have been unable to provide us with the complete set of accounting books and records for BEP (HK) and BEPCM. We have therefore been unable to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to whether the gain on winding up of BEP (HK) and BEPCM, the profit included in the consolidated financial statements up until the date of deconsolidation of these companies, as well as the related disclosures set out in the notes to the consolidated financial statements are free from material misstatement.

Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the Group’s loss for the year ended 31 March 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OPERATION AND REVIEW

During this financial year, the Group has been continuously suffering from the surge in raw material prices and labour costs and the significant appreciation of Renminbi. The unexpected financial tsunami has seriously affected the gross profit margin and the operating costs of our factory in Mainland China. The Group also failed to reach a consensus with the landlord for renewal of premises for its PRC subsidiary and with the expectation that the financial tsunami could further intensify, the Group ceased the manufacturing operation of home electrical appliances in October 2008 in order to minimize the impact of future uncertainties arising from the slumping global economy.

Subsequent to the cessation of manufacturing operation, the Group is facing diminishing profit and has been aiming to develop, focus and diversify its business operation to trading activities.

With continued effort from the management, the Group has successfully started its trading of electronic components during the year. The Group will continue to focus its principal business on the trading of electronic components. It will strive to expand its product mix by means of merger and acquisition or cooperation to broaden its business scope as well as income sources.

PROSPECTS AND OUTLOOK

It is anticipated that the global trading environment will remain tough and difficult. In full awareness of the challenges ahead, the Group will maintain its vigilance to further tighten its cost control measures as well as to strengthen its trading business. In addition, the Directors are at present considering various business alternatives to resume the Group's manufacturing operation to complement the Group's strategic plan in broadening its business scope and sources of income by taking business opportunities to diversify into other business through investments or business ventures.

FINANCIAL REVIEW

For the year ended 31 March 2009, the turnover of the Group was HK\$79.8 million, which comprised HK\$6.0 million from the continuing operation and HK\$73.8 million from the discontinued operation. Turnover for continuing operation was derived from the trading of electronic components. Turnover for discontinued operation was mainly derived from the design, manufacture and sale of home electrical appliances operations which were ceased during the year. The turnover of HK\$345.3 million for discontinued operation recorded in last corresponding financial year came from the home appliances business.

Loss attributable to equity shareholders of the Company for the year ended 31 March 2009 amounted to HK\$36.9 million, which was mainly attributable to the loss from discontinued operation, as compared to a loss HK\$36.0 million recorded in the previous financial year.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group has implemented a prudent financial management policy. As at 31 March 2009, the Group has cash and bank balances amounted to approximate HK\$167,000 (2008: HK\$5,855,000). The Group has obtained financial support from its major shareholder for additional funding to meet the operation needs.

The gearing of the Group calculated by dividing total liabilities by total assets value increased to 6.53 (2008: 0.78).

RELEASE OF CHARGE ON GROUP'S ASSETS

During the year ended 31 March 2008, the Group executed a debenture which was essentially a pledge of all assets of the Group, in favour of a bank to secure banking facilities of the Group amounting to approximately HK\$15,000,000. Such banking facilities were terminated and the release of debenture was duly executed during the year.

LITIGATIONS

The Group has legal claims received from some suppliers against BEP(China) and BEP(HK). Details of the litigation matters are disclosed in the note 13 of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

The Group recognizes the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels, whilst promotion and salary increments are assessed on a performance-related basis.

The Group remunerates its employees based on their performance, experience and prevailing market salaries while performance bonuses are granted to certain employees on a merit basis and in accordance with industry practice. Other employee benefits include insurance and medical cover, training programmes and mandatory provident fund scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with the Code and Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the year ended 31 March 2009, except for certain deviations. Detailed information on the Company's corporate governance practices is set out in the corporate Governance Report included in the Company's Annual Report 2008/09 to be despatched to shareholder's in due course.

AUDIT COMMITTEE

The audit committee has reviewed and discussed with management the Company's annual report and audited financial statements for the year ended 31 March 2009 and provided advice and recommendation to the Board.

As at the date of this announcement, the Board comprises five executive Directors namely Mr. Zhang Xi, Mr. Cai Duan Hong, Ms. Zhang Yu, Mr. Li Hiu Ming and Mr. Poon Hor On and three independent non-executive Directors, namely Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. To Yan Ming, Edmond.

By Order of the Board
BEP INTERNATIONAL HOLDINGS LIMITED
Poon Hor On
Executive Director

Hong Kong, 17 July 2009