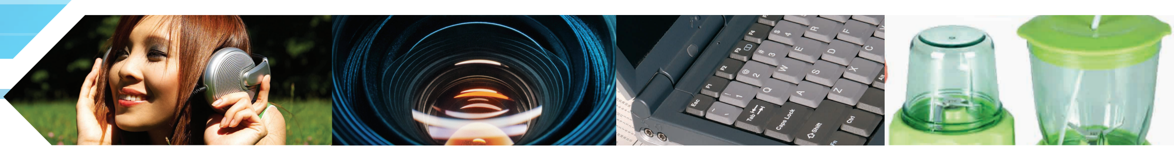
BEP International Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 2326)

Annual Report
2010



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Corporate
Information

BOARD OF DIRECTORS

Executive Directors

Mr. Suen Cho Hung, Paul *(Chairman)*
Mr. Sue Ka Lok *(Chief Executive Officer)*
Mr. Poon Hor On
Mr. Li Hiu Ming

Independent Non-executive Directors

Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. To Yan Ming, Edmond

AUDIT COMMITTEE

Mr. To Yan Ming, Edmond *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick

REMUNERATION COMMITTEE

Mr. Sue Ka Lok *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. To Yan Ming, Edmond

COMPANY SECRETARY

Ms. Hui Yee Ling

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Suite 1005, 10th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of China (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Bank Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

COMPANY HOMEPAGE

http://www.bep.com.hk

STOCK CODE

2326

Chairman's Statement

BUSINESS REVIEW

For the year under review, I am pleased to report that the results of the Group have been significantly improved. Following cessation of the Group's manufacturing operation of electrical home appliances in October 2008, the management team leading by the new directors who joined the Group in July 2009 has spent tremendous effort in reviving the manufacturing operation of the Group as well as to continue the Group's trading operation of products including home electrical appliances. The results achieved so far are impressing. In light of limited financial resources available, the Group has successfully restructured its business by subcontracting part of its manufacturing process to a factory in the People's Republic of China (the "PRC") since August 2009 to continue its manufacturing operation. In fact, the Group has been utilising the manufacturing capacity of the factory not only to continue its business of home electrical appliances, but by leveraging on such manufacturing capability, the Group has further expanded its product range covering consumer electronic products and plastic injection components for electrical and electronic appliances. In addition to this prompt resurrection of the Group's manufacturing operation, primarily stemmed from the business network developed through the Group's home electrical appliances business and industry experience of the Group's management team, in January 2010, the Group has expanded its business scope to distribution and sale of electronic consumer products; and sourcing and sale of computers and related products. The Group's electronic consumer products operation is presently focusing on distribution sales of two premium Japanese brand imaging products including digital cameras, lenses and video cameras in the PRC whereas the Group's computer sales operation is currently focusing on sales of netbook and notebook computers to Asian markets. Encouraging results have been recorded for both operations since their commencement of business and management believes that the product and geographical markets on which the operations focus have high growth potential.

With all the business initiatives undertaken by the management aiming to revive and enhance the Group's businesses, it is pleased to see that there are significant improvements of the Group's financial performance when compared to the previous year. For the year ended 31 March 2010, the Group's turnover increased to HK$38,685,000, representing a growth of 5.5 times from that of continuing operation in last year (2009: HK$5,977,000); and that loss attributable to owners of the Company amounted to HK$5,546,000, which was significantly reduced by 85% when compared to the previous year (2009: HK$36,929,000). Basic loss per share was substantially reduced to HK0.11 cent (2009: HK0.76 cent).

In order to maintain the competitive edge of the Group in the fast changing electrical and electronic consumer product market, the business operation of the Group has been developed into a well balanced and competitive business mix comprising three business segments. On one hand, the Group has demonstrated a healthy growth in sales of home electrical appliances, electronic products and related plastic injection components. On the other hand, the Group has quickly established a competitive market position in the distribution sales of premium Japanese brand imaging products in the PRC as well as sales of computer products to Asian countries buyers.

PROSPECTS

Given the continuous growth of the PRC economy and the supportive policies of the PRC government in stimulating demand of home electrical appliances, and adding with the gradual recovery of the global economy from the financial tsunami, the management is optimistic about the future prospects of the Group's businesses.

The Group's sales of home electrical appliances, electronic products and related plastic injection components business is progressing well. With a view to further optimising the product mix and enhancing profitability of the operation, the Group plans to put more effort in the research and development of high value added electrical and electronic consumer products as well as to invest in moulding of new products expecting to gain popularity.

The Group's wholly owned subsidiary in the PRC which has been engaged in the distribution of electronic consumer products is an approved distributor and an authorised sales agent for imaging products and related accessories of two premium Japanese brand names. With a view to further expand the scale of this operation, the subsidiary is actively seeking opportunities to secure distributorship of other premium brand imaging products in the PRC market. In addition, the subsidiary is planning to launch a series of health care electrical home appliance products including air purifier and water electrolysis machine under its own brand name in the coming months. In order to reach the target customer groups within a short time and as the first phase of its marketing plan, the subsidiary is contemplating to cooperate with a well known electrical appliances retail chain stores group in the PRC for promoting and selling its products through their retail stores in Guangdong Province.

The Group is also putting tremendous effort in developing its business of sourcing and sale of computers and related products, in particular, netbook computers which popularity have been rising rapidly. The Group has reached a distribution agreement with a Taiwan based computer manufacturer in the PRC for distribution of its notebook computers and related products in a number of countries in South East Asia. In addition, the Group is also planning to develop to its own brand name of netbook computers and related products for distribution sales in Asian countries. Sale of computers and related accessories is a competitive business. In order to keep abreast of the market, the Group has been continuously devoting resources to improve its product development capability and marketing ability.

Overall speaking, the businesses of the Group are growing in a healthy pace and the management has been continuing looking for opportunities to promote the Group's businesses and to strengthen its financial position. In fact, the management is currently considering various strategic initiatives in broadening the Group's business scope and sources of income through investments or business ventures. Looking ahead, the management will continue to work towards creating long term value and a stable prospect to shareholders. I am optimistic that the Group will perform better financially in terms of turnover and profitability growth in the years ahead.

The shares of the Company have been suspended for trading since October 2008. The Company is in the course of preparing a revised resumption proposal to The Stock Exchange of Hong Kong Limited and shareholders will be informed of the progress as and when appropriate.

APPRECIATION

I was appointed as Chairman of the Board in August 2009 after I have become controlling shareholder of the Company. I would like to take this opportunity to thank my fellow Board members, the Group's management team and staff for the support extended to me since my appointment. On behalf of the Board, I also like to express my sincere gratitude to our shareholders, business partners and bankers for their continued support to the Group during the past years.

Suen Cho Hung, Paul
Chairman

Hong Kong, 18 June 2010

Management Discussion and Analysis

OPERATIONS REVIEW

For the year ended 31 March 2010, the Group recorded a turnover of HK$38,685,000 (2009: HK$5,977,000) and a gross profit of HK$3,251,000 (2009: HK$282,000) for continuing operations, showing a 5.5 times and 10.5 times increase respectively when compared to last year. The loss attributable to owners of the Company amounted to HK$5,546,000 (2009: HK$36,929,000), which was significantly reduced by 85% as compared to the previous year. The significant improvement in the Group's results was primarily due to the growth and expansion of the Group's continuing businesses and the absence of loss from the discontinued operation for the year under review. A gain on winding up of a subsidiary of HK$2,142,000 (2009: nil) was recorded as a subsidiary with liabilities exceeded its assets was put under voluntary winding up during the year for continuing operations.

The Group is principally engaged in the sale of home electrical appliances, consumer electronic products and plastic injection components for electrical and electronic appliances. During the year under review, the Group has restructured its business by subcontracting part of its manufacturing process to a factory in Shenzhen, the People's Republic of China (the "PRC") since August 2009 to continue its manufacturing operation for home electrical appliances. By utilising such manufacturing capability, the Group has further expanded its product range covering consumer electronic products and plastic injection components for electrical and electronic appliances. For the eight months from August 2009 to March 2010, this operation generated a turnover of HK$31,783,000 (2009: HK$5,977,000) and an operating profit of HK$2,831,000 (2009: HK$282,000), representing a 4.3 times and 9 times increase respectively from that of the previous year.

Stemmed from the business network developed through the Group's home electrical appliances business and industry experience of the Group's management team, in January 2010, the Group has expanded its business scope to distribution and sale of electronic consumer products and sourcing and sale of computers and related products. As the Group's wholly owned subsidiary in the PRC is appointed as an approved distributor and an authorised sales agent for consumer imaging products and related accessories of two premium Japanese brand imaging products, the Group's electronic consumer products business is presently focusing on distribution of imaging products including digital cameras, lenses and video cameras in the PRC. The Group's computer sales operation is currently focusing on sales of netbook and notebook computers and related accessories to buyers in Asian countries. Despite the two operations have just commenced their businesses in January 2010, turnover of HK$4,247,000 and operating profit of HK$213,000 were reported for the distribution and sale of consumer imaging products whereas turnover of HK$2,655,000 and operating profit of HK$207,000 were posted for the sourcing and sale of computers and related accessories. The management believes that these business operations possess strong growth prospect and good earnings potential.

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 March 2010, the Group had current assets of HK$26,715,000 (2009: HK$3,694,000) and liquid assets being bank balances of HK$6,102,000 (2009: HK$167,000). The Group's current ratio, calculated based on current assets of HK$26,715,000 (2009: HK$3,694,000) over current liabilities of HK$18,419,000 (2009: HK$9,635,000), was at a strong ratio of 1.45 (2009: 0.38). The significant improvement in the Group's current ratio was mainly results of positive development of the Group's businesses and funding provided by the Company's immediate holding company, Long Channel Investments Limited ("Long Channel").

The Group's gearing ratio, calculated on the basis of total liabilities of HK$18,539,000 (excluding amount due to immediate holding company) (2009: HK$14,347,000, excluding amount due to ultimate holding company) divided by total assets of HK$28,089,000 (2009: HK$3,983,000) was at a moderate ratio of 0.66 (2009: 3.60). The Group's operation is mainly financed by funding provided by Long Channel.

During the year, the Group continued to implement a prudent financial management policy. In addition to internally generated cash flows, the Group has obtained support from its controlling shareholder to provide funding in meeting operational needs. The directors of the Company expect that the growth of the Group's businesses will gradually improve its liquidity and financial position in the coming year.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimized via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and, therefore, no hedging measure has been undertaken by the Group.

Capital Commitment

At 31 March 2010, the Group had a capital commitment of HK$310,000 (2009: nil) in respect of the acquisition of a mould.

LITIGATIONS AND WINDING UP OF SUBSIDIARIES DECONSOLIDATED

Bailingda Industrial (Shenzhen) Company Limited ("BEP (China)")

During the year ended 31 March 2009, BEP (China) was no longer regarded as a subsidiary of the Group as in the opinion of the Company's directors, control over BEP (China) has been lost since 26 October 2008, the date of deconsolidation. Based on information available to the Group, up to that date, BEP (China) received claims from a number of suppliers of an aggregate amount of RMB3,368,000 (equivalent to HK$3,845,000).

Better Electrical Products (HK) Company Limited ("BEP (HK)") and BEP Corporate Management Limited ("BEPCM")

During the year ended 31 March 2009, the Company's directors had appointed a liquidator to handle the liquidation of BEP (HK) and BEPCM as it was considered that the losses of BEP (HK) and BEPCM were not bearable and they were in insolvency position. In the opinion of the Company's directors, control over BEP (HK) and BEPCM have been lost since 27 March 2009, the date of deconsolidation. Based on information available to the Group, up to that date, BEP (HK) received claims of an aggregate amount of HK$22,252,000.

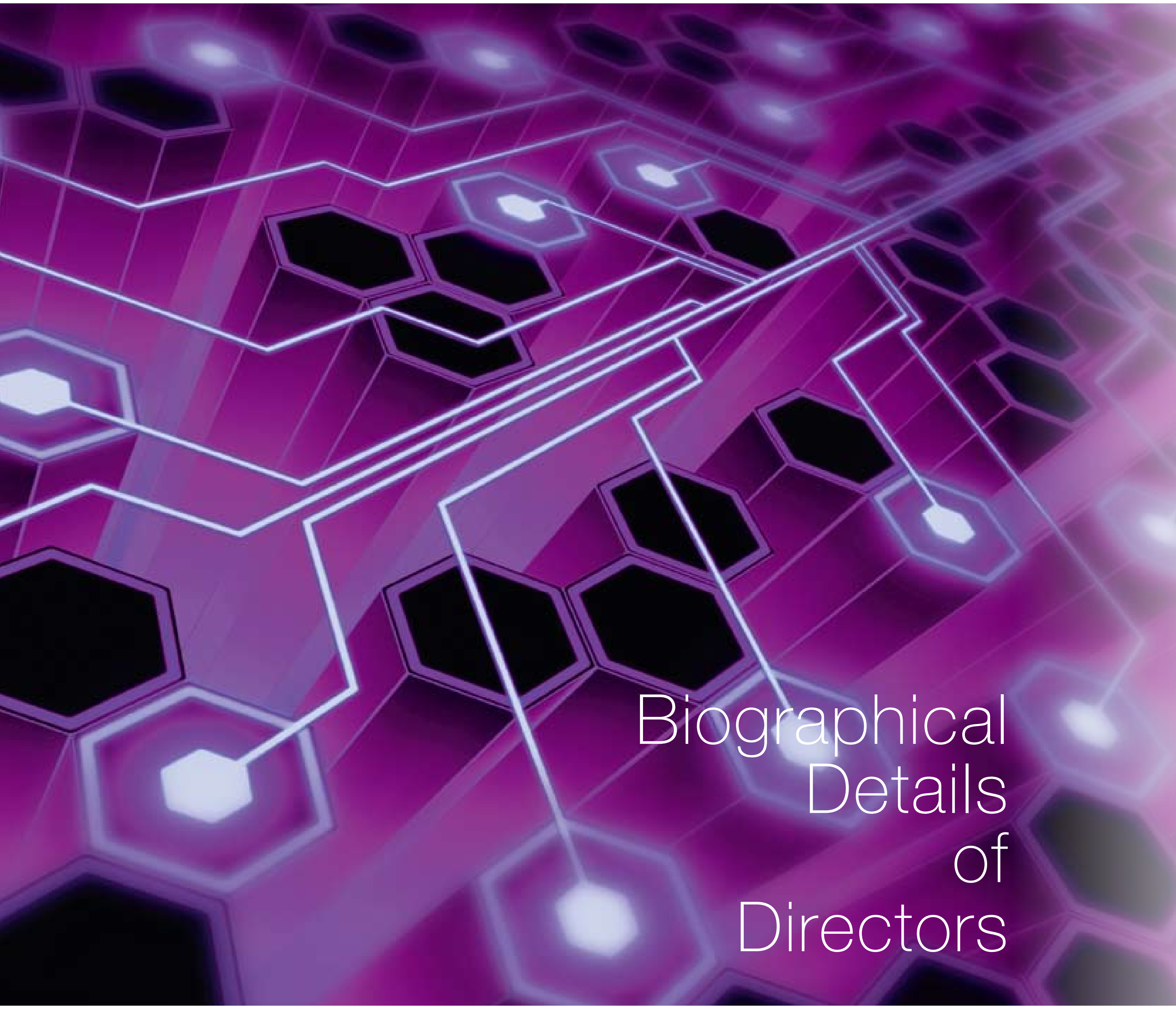
BEP Management Services Limited ("BEPMS")

On 22 September 2009, a subsidiary of the Company, BEPMS was put under voluntary winding up as it was in an insolvency position. BEPMS is no longer regarded as a subsidiary of the Group as in the opinion of the Company's directors, control over BEPMS has been lost. As BEPMS is in the process of voluntary winding up and that its liabilities exceeded its assets, a gain on winding up of a subsidiary of HK$2,142,000 was recorded during the year ended 31 March 2010.

Further details of the litigations and winding up matters of subsidiaries deconsolidated are disclosed in notes 2, 27 and 31 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2010, the Group had a total of 15 employees including directors and a consultant. Total staff costs for the year, including directors' remuneration, were HK$2,429,000 (2009: HK$2,436,000) for the Group's continuing operations. Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefit plans maintained by the Group include mandatory provident fund scheme, medical insurance, share option scheme and discretionary bonus.


Biographical
Details
of
Directors

EXECUTIVE DIRECTORS

Mr. Suen Cho Hung, Paul, *Chairman*

Aged 49, joined the Company as an Executive Director in July 2009 and appointed as the Chairman of the Company in August 2009. Mr. Suen is also a director of several subsidiaries of the Company. Mr. Suen holds a Master of Business Administration degree from the University of South Australia. Mr. Suen has extensive experience in managing metal, mineral and raw materials, energy and property business ventures as well as in strategic planning and corporate management of business enterprises in Hong Kong and the People's Republic of China (the "PRC"). Mr. Suen is a controlling shareholder of the Company as disclosed in the section headed "Interests and short positions of shareholders discloseable under the SFO" in the Report of the Directors. Mr. Suen is also an executive director and the chairman of Beijing Yu Sheng Tang Pharmaceutical Group Limited (formerly known as Poly Development Holdings Limited) (stock code: 1141), a listed company in Hong Kong.

Mr. Sue Ka Lok, *Chief Executive Officer and Chairman of the Remuneration Committee*

Aged 45, joined the Company as an Executive Director in July 2009 and appointed as the Chief Executive Officer of the Company in August 2009. Mr. Sue is also a director of several subsidiaries of the Company. Mr. Sue holds a Bachelor of Economics degree from the University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow member of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia, a fellow member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and a member of the Hong Kong Securities Institute. Mr. Sue has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is also an executive director and the chief executive officer of Beijing Yu Sheng Tang Pharmaceutical Group Limited (formerly known as Poly Development Holdings Limited) (stock code: 1141) and a non-executive director and the chairman of Sewco International Holdings Limited (stock code: 209), both are listed companies in Hong Kong. Mr. Sue was an executive director and the chief executive officer of China Yunnan Tin Minerals Group Company Limited (stock code: 263), a listed company in Hong Kong, until 17 January 2010.

Mr. Li Hiu Ming

Aged 59, joined the Company as an Executive Director in May 2009 and is also a director of several subsidiaries of the Company. Mr. Li has over 20 years of experience in manufacturing and trading of electronic equipment and managing investment ventures in the PRC and Hong Kong. Mr. Li holds a doctoral degree of philosophy from the School of Philosophy of Wuhan University in the PRC.

Mr. Poon Hor On

Aged 69, joined the Company as an Executive Director in May 2009 and is also a director of several subsidiaries of the Company. Mr. Poon has over 30 years of experience in plastic and printing industries and managing business enterprises in Hong Kong and the PRC. Mr. Poon was educated in Guangdong Industry Technical College (廣東輕工職業技術學院) in the PRC.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kwong Fat, George, *member of the Audit Committee and the Remuneration Committee*
Aged 50, joined the Company as an Independent Non-executive Director in June 2009. Mr. Chan is the executive director of a consultancy company engaging in providing financial investment consultancy services. Mr. Chan has worked in the finance and commercial field for more than 20 years. He had been the principal corporate planner of Airport Authority Hong Kong and he was responsible for corporate planning in the areas of commercial and financial strategies. Mr. Chan obtained his Bachelor degree in Social Sciences from the University of Hong Kong in 1982, Master degree in Business Administration from The Chinese University of Hong Kong in 1987 and Master degree in Accounting from Curtin University of Technology, Australia. Mr. Chan is also a member of the CPA Australia.

Mr. Siu Hi Lam, Alick, *member of the Audit Committee and the Remuneration Committee*
Aged 55, joined the Company as an Independent Non-executive Director in June 2009. Mr. Siu is the managing director of Fortune Take International Limited, a company engaging in providing business consultancy services. Mr. Siu has worked in the finance and banking field for more than 25 years. He had been the senior vice president of AIG Finance (Hong Kong) Limited and the vice president of Bank of America. He was responsible for business development and credit risk management. Mr. Siu obtained a Master degree in Business Administration from the University of Hull in 1995. Mr. Siu was appointed as an independent non-executive director of Info Communication Holdings Limited (stock code: 8082), a listed company in Hong Kong, on 2 February 2010.

Mr. To Yan Ming, Edmond, *Chairman of the Audit Committee and member of the Remuneration Committee*
Aged 38, joined the Company as an Independent Non-executive Director in June 2009. Mr. To is a practising accountant and presently the director of Fortitude C.P.A. Limited, Zhonglei (HK) CPA Company Limited and Edmond To CPA Limited. He is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. He worked for the international accounting firm, Deloitte Touche Tohmatsu and has over 10 years of experience in auditing, accounting, floatation and taxation matters. Mr. To holds a Bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. Mr. To is an independent non-executive director of Aptus Holdings Limited (stock code: 8212) and China Vanguard Group Limited (stock code: 8156) and has been appointed as an independent non-executive director of Wai Chun Group Holdings Limited (stock code: 1013) and Theme International Holdings Limited (stock code: 990) since 29 September 2009 and 5 November 2009 respectively. All of the above companies are listed in Hong Kong.

The directors of the Company present their annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of home electrical appliances, electronic products and related plastic injection components, distribution and sale of electronic consumer products and sourcing and sale of computer and related products. In prior years, its subsidiaries were also engaged in the design, manufacture and sale of electrical home appliances business and these operations were ceased during the year ended 31 March 2009.

RESULTS

The results of the Group for the year ended 31 March 2010 are set out in the consolidated income statement on page 31.

FINAL DIVIDEND

The Board of Directors (the "Board") of the Company does not recommend the payment of any dividend in respect of the year ended 31 March 2010 (2009: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 86 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

There was no movement in share capital of the Company during the year. Details of share capital of the Company are set out in note 23 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Under The Companies Act 1981 of Bermuda, contributed surplus is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

As at 31 March 2010, the Company's deficits were HK$40,902,000 consisting of contributed surplus of HK$63,884,000 less accumulated losses of HK$104,786,000. No reserves are available for distribution to shareholders.

DIRECTORS

The directors during the year and up to the date of this report were:

Executive Directors:

Mr. Suen Cho Hung, Paul	(Appointed on 20 July 2009)
Mr. Sue Ka Lok	(Appointed on 20 July 2009)
Mr. Li Hiu Ming	(Appointed on 27 May 2009)
Mr. Poon Hor On	(Appointed on 27 May 2009)
Mr. Chen Yang	(Resigned on 29 May 2009)
Mr. Zhang Xi	(Resigned on 14 August 2009)
Mr. Cai Duanhong	(Resigned on 14 August 2009)
Ms. Zhang Yu	(Resigned on 14 August 2009)

Independent Non-executive Directors:

Mr. Chan Kwong Fat, George	(Appointed on 5 June 2009)
Mr. Siu Hi Lam, Alick	(Appointed on 5 June 2009)
Mr. To Yan Ming, Edmond	(Appointed on 5 June 2009)
Mr. Hong Po Kui, Martin	(Resigned on 3 June 2009)
Mr. Wong Man Hin, Raymond	(Resigned on 5 June 2009)
Mr. Yam Tak Fai, Ronald	(Resigned on 5 June 2009)

In accordance with bye-law 87 of the Company's Bye-laws, Mr. Li Hiu Ming, Mr. Poon Hor On and Mr. Chan Kwong Fat, George will retire by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in note 8 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 32 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2010, the interests and short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant of section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

Name of director	Long position/ short position	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Suen Cho Hung, Paul	Long position	Interest of a controlled corporation	2,704,752,000 *(Note)*	55.75%

Note:

These shares were beneficially owned by Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited ("Loyal Giant") as to 2,703,000,000 shares and 1,752,000 shares respectively. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and Loyal Giant were deemed to be interested in 2,704,752,000 shares under the SFO.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Save as disclosed above, as at 31 March 2010, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 6 January 2003 for a period of ten years commencing from the date of listing of the Company's shares on the Stock Exchange on 3 March 2003.

The purpose of the Scheme is to provide employees of the Group with the opportunity to acquire proprietary interests in the Company and to encourage employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole.

Under the Scheme, the Board shall be entitled to make an offer of grant of options to any employee of the Group, including any executive directors of the Group in its discretion.

The total number of shares available for issue upon exercise of options not yet been granted under the Scheme is 428,000,000 shares, representing 8.82% of the issued share capital of the Company as at the date of this annual report.

The total number of shares issued and to be issued upon exercise of options granted and to be granted to each grantee (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of further grant must not exceed 1% of the Company's shares in issue. Any further grant of options in excess of the above limit must be subject to shareholders' approval.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company (the "Limit") must not, in aggregate, exceed 10% of the Company's shares in issue on 3 March 2003 (the commencement date of dealing of the Company's shares on the Stock Exchange). The Company may renew the Limit at any time subject to prior shareholders' approval. However, the Limit as renewed must not exceed 10% of the Company's shares in issue as at the date of the shareholders' approval.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the Company's shares in issue from time to time.

SHARE OPTION SCHEME (CONTINUED)

An option may be exercised at any time during the period to be determined and notified by the Board to each grantee at the time of making the offer but in any event such period may not be more than ten years from the date of grant of the option.

There is no general requirement on the minimum period for which an option must be held before it can be exercised under the Scheme. At the time of granting an option, however, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitation in relation to the minimum period for which the option must be held as the Board may in its absolute discretion determine.

An offer of the grant of an option shall remain open for acceptance for a period of 28 days from the date of offer. HK$1.00 is payable by the grantee on acceptance of the offer.

The subscription price of the options shall be determined by the Board at its absolute discretion but shall be no less than the highest of: (i) the closing price of the Company's shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant.

The Scheme shall be valid and effective for a period of ten years commencing on 3 March 2003.

No share options were granted or exercised during the years ended 31 March 2009 and 2010 and no share options were outstanding as at 31 March 2009 and 2010.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2010, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Long positions in the ordinary shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Suen Cho Hung, Paul	Interest of controlled corporation	2,704,752,000 *(Note 1)*	55.75%
Loyal Giant	Beneficial owner	1,752,000	0.04%
	Interest of controlled corporation	2,703,000,000 *(Note 1)*	55.71%
Long Channel	Beneficial owner	2,703,000,000 *(Note 1)*	55.71%
Big Jump Investments Limited ("Big Jump")	Beneficial owner	750,000,000 *(Notes 2 & 3)*	15.46%
Mr. Zhang Xi	Interest of controlled corporation	750,000,000 *(Notes 2 & 3)*	15.46%
Elite Agent Limited ("Elite")	Person having a security interest in shares	750,000,000 *(Note 3)*	15.46%
Longtale International Limited ("Longtale")	Person having a security interest in shares	750,000,000 *(Note 3)*	15.46%

Notes:

1. These shares were beneficially owned by Long Channel as to 2,703,000,000 shares and Loyal Giant as to 1,752,000 shares. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and Loyal Giant were deemed to be interested in 2,704,752,000 shares under the SFO.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (CONTINUED)

2. Big Jump, a company incorporated in the British Virgin Islands, was wholly and beneficially owned by Mr. Zhang Xi. Accordingly, Mr. Zhang Xi was deemed to be interested in 750,000,000 shares under the SFO.

3. In January 2008, Big Jump charged a total number of 3,453,000,000 shares, representing approximately 71.17% of the issued share capital of the Company in favour of Elite and Longtale as security for the facilities granted to Mr. Zhang Xi under a loan agreement ("Share Charge"). On 24 June 2009, Elite and Longtale exercised their power of sale under the Share Charge and disposed 2,703,000,000 shares of the Company to Long Channel. Details of which were referred to in the joint announcement issued by the Company and Long Channel dated 25 June 2009.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2010 as required pursuant to section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the usual course of business are set out in note 32 to the consolidated financial statements. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for 20% and 70% respectively of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for 74% and 95% respectively of the Group's total purchases for the year.

None of the directors, their associates, or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest customers and suppliers.

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. Other employee benefits included mandatory provident fund scheme, medical insurance, share option scheme as well as discretionary bonus.

The emoluments of the directors are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market information. No director or any of his associates, and executive is involved in dealing his own remuneration.

CORPORATE GOVERNANCE

The audited consolidated financial statements of the Company for the year ended 31 March 2010 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

The Company has received the annual confirmation of independence from each of the Independent Non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all Independent Non-executive Directors to be independent.

Particulars of the Company's corporate governance practices are set out on pages 23 to 27 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 March 2010.

AUDITOR

Messrs. HLB Hodgson Impey Cheng acted as auditor of the Company for year ended 31 March 2007. Messrs. Deloitte Touche Tohmatsu acted as auditor of the Company for the three years ended 31 March 2008, 2009 and 2010. The consolidated financial statements for the year ended 31 March 2010 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Sue Ka Lok
Chief Executive Officer

Hong Kong, 18 June 2010

The Board of Directors (the "Board") of the Company is committed to upholding good corporate governance. The Board considers effective corporate governance is essential to protect shareholders' interests and enhance stakeholders' value.

During the year, the Board has continued to spend considerable efforts to identify and formalise the appropriate corporate governance practices to ensure transparency, accountability and effective internal control. The Board has applied the principles and complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

THE BOARD

The Board is responsible for the overall management, leadership and control of the Group. The Board's primary responsibilities are to formulate long-term corporate strategies, to establish policies and plans, to oversee the management of the Group, to evaluate the performance of the Group, to assess the achievement of targets set by the Board periodically and to review and approve annual and interim results and other significant financial and operational matters. The Board is directly accountable to the shareholders of the Company. The responsibility of day-to-day management and operations of the Group are delegated to the senior management of the Company.

As at the date of this report, the Board comprises seven directors including four executive directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Li Hiu Ming and Mr. Poon Hor On and three independent non-executive directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond. The biographical details of the Directors are set out in the "Biographical Details of Directors" on pages 12 to 14 of this annual report.

The Independent Non-executive Directors bring a broad range of financial, regulatory and commercial experience and skills to the Board, which contribute to the effective strategic management of the Group.

The Company has received the annual confirmation of independence from each of the Independent Non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent under the guidelines set out in the Listing Rules.

BOARD OF DIRECTORS (CONTINUED)

During the year under review, twenty four board meetings were held and the attendance of individual director is set out as follows:

	Attendance/ Number of Board Meetings
Executive Directors	
Mr. Suen Cho Hung, Paul (appointed on 20 July 2009)	12/24
Mr. Sue Ka Lok (appointed on 20 July 2009)	13/24
Mr. Li Hiu Ming (appointed on 27 May 2009)	12/24
Mr. Poon Hor On (appointed on 27 May 2009)	11/24
Mr. Chen Yang (resigned on 29 May 2009)	1/24
Mr. Zhang Xi (resigned on 14 August 2009)	1/24
Mr. Cai Duanhong (resigned on 14 August 2009)	1/24
Ms. Zhang Yu (resigned on 14 August 2009)	1/24
Independent Non-executive Directors	
Mr. Chan Kwong Fat, George (appointed on 5 June 2009)	4/24
Mr. Siu Hi Lam, Alick (appointed on 5 June 2009)	5/24
Mr. To Yan Ming, Edmond (appointed on 5 June 2009)	6/24
Mr. Hong Po Kui, Martin (resigned on 3 June 2009)	0/24
Mr. Wong Man Hin, Raymond (resigned on 5 June 2009)	0/24
Mr. Yam Tak Fai, Ronald (resigned on 5 June 2009)	0/24

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Currently the Chairman and Chief Executive Officer of the Company are Mr. Suen Cho Hung, Paul and Mr. Sue Ka Lok respectively. Their roles are separated such that the Chairman is responsible for managing and providing leadership to the Board and the Chief Executive Officer is responsible for managing the day-to-day operations of the Group.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has not set up a nomination committee and the Board as a whole is responsible for reviewing the Board composition, monitoring the succession planning of directors and assessing the independence of independent non-executive directors. Where vacancies on the Board exist, the Board will identify individuals suitably qualified in terms of skills, professional knowledge and experience to become members of the Board, taking into account the existing composition of the Board in terms of skill, knowledge and experience and make recommendation to the Board for approval.

APPOINTMENT AND RE-ELECTION OF DIRECTORS (CONTINUED)

The procedures and process of appointment, re-election and removal of directors are set out in the Company's Bye-laws. According to the Company's Bye-laws, at each annual general meeting of the Company, one-third of the directors shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years and are eligible for re-election. Any new director appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.

Each of the independent non-executive directors of the Company is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the independent non-executive directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

BOARD COMMITTEES

The Board has established two committees, namely the Audit Committee and the Remuneration Committee, with specific written terms of reference as set out in the CG Code.

Audit Committee

The Audit Committee is responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor.

As at the date of this report, the Audit Committee comprises all the three independent non-executive directors, namely Mr. To Yan Ming, Edmond, Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick. The Chairman of the Audit Committee is Mr. To Yan Ming, Edmond. During the year ended 31 March 2010, two meetings of the Audit Committee were held and the individual attendance of the committee members is set out as follows:

Name of member	Attendance/Number of Audit Committee Meetings
Mr. To Yan Ming, Edmond (appointed Chairman of the Audit Committee on 6 July 2009)	2/2
Mr. Chan Kwong Fat, George (appointed on 5 June 2009)	1/2
Mr. Siu Hi Lam, Alick (appointed on 5 June 2009)	2/2
Mr. Yam Tak Fai, Ronald (resigned on 5 June 2009)	0/2
Mr. Wong Man Hin, Raymond (resigned on 5 June 2009)	0/2
Mr. Hong Po Kui, Martin (resigned on 3 June 2009)	0/2

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

The work performed by the Audit Committee during the year include:

- reviewed the audited financial statements of the Group for the year ended 31 March 2009;
- reviewed the unaudited financial statements of the Group for the six months ended 30 September 2009;
- discussed with the management and the auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit; and
- reviewed and made recommendations to the Board on the reappointment and the remuneration of the Company's auditor.

Remuneration Committee

The principle responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management; to determine the specific remuneration packages for all executive directors and senior management as well as making recommendations to the Board on remuneration of non-executive directors.

As at the date of this report, the Remuneration Committee comprises four members, including one executive director, namely Mr. Sue Ka Lok (Chairman of the Remuneration Committee), and three independent non-executive directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond. The Remuneration Committee met twice during the year to review the remuneration packages for directors and senior management. The individual attendance of the members of the Remuneration Committee at the meeting is set out as follows:

Name of member	Attendance/Number of Remuneration Committee Meetings
Mr. Sue Ka Lok (appointed Chairman of the Remuneration Committee on 14 August 2009)	0/2
Mr. Chan Kwong Fat, George (appointed on 5 June 2009)	2/2
Mr. Siu Hi Lam, Alick (appointed on 5 June 2009)	2/2
Mr. To Yan Ming, Edmond (appointed on 5 June 2009)	2/2
Mr. Hong Po Kui, Martin (resigned on 3 June 2009)	0/2
Mr. Yam Tak Fai, Ronald (resigned on 5 June 2009)	0/2
Mr. Wong Man Hin, Raymond (resigned on 5 June 2009)	0/2
Mr. Zhang Xi (resigned on 14 August 2009)	0/2

INTERNAL CONTROL

The Board is responsible for maintaining an effective internal control system of the Group to safeguard the interests of the Company's shareholder and assets.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group covering financial, operational and compliance controls and risk management functions.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The directors of the Company have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2010.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Specific enquiries have been made of all directors and they have confirmed their compliance with the required standards set out in Model Code during the year ended 31 March 2010.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the auditor of the Company about their responsibilities on the Company's financial statements for the year ended 31 March 2010 is set out in the section headed "Independent Auditor's Report" on pages 28 to 30 of this annual report.

The following fees were paid or payable to the Company's auditor during the year:

	HK$'000
Fees for audit services	680
Fees for non audit services	125
Fees for taxation services	7

Deloitte.
德勤

TO THE MEMBERS OF BEP INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of BEP International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 85 which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of The Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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, 10 and 27 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 held 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.

The matter described above caused us to disclaim our audit opinion on the consolidated financial statements in respect of the year ended 31 March 2009. 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 2010 and 2009 and on its loss for the years ended 31 March 2010 and 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, 10 and 27 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 held 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 income statements for the year ended 31 March 2009 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. This caused us to disclaim our audit opinion on the consolidated financial statements in respect of the year ended 31 March 2009.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of the Group's affairs as at 31 March 2010 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 18 June 2010

Consolidated Income Statement

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Continuing operations			
Turnover	5	**38,685**	5,977
Cost of sales		**(35,434)**	(5,695)
Gross profit		**3,251**	282
Other income		**483**	2
Selling and distribution costs		**(2)**	–
Administrative expenses		**(9,303)**	(12,900)
Finance costs	6	**(1,967)**	(1,075)
Gain on winding-up subsidiary	27(a)	**2,142**	–
Loss before taxation	7	**(5,396)**	(13,691)
Taxation	9	**(129)**	(22)
Loss for the year from continuing operations		**(5,525)**	(13,713)
Discontinued operation			
Loss for the year from discontinued operation	10	**–**	(23,216)
Loss for the year		**(5,525)**	(36,929)
Loss for the year attributable to:			
Owners of the Company		**(5,546)**	(36,929)
Minority interests		**21**	–
		(5,525)	(36,929)
		HK cent	*HK cent*
Loss per share – Basic	13		
From continuing and discontinued operations		**(0.11)**	(0.76)
From continuing operations		**(0.11)**	(0.28)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Loss for the year	**(5,525)**	(36,929)
Other comprehensive income for the year:		
Exchange differences arising on translation of foreign operations	**12**	2,161
Release of translation reserve upon deconsolidation of a subsidiary	**–**	(14,575)
	12	(12,414)
Total comprehensive expenses for the year	**(5,513)**	(49,343)
Total comprehensive expenses for the year attributable to:		
Owners of the Company	**(5,534)**	(49,343)
Minority interests	**21**	–
	(5,513)	(49,343)

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	14	**1,064**	289
Deposits paid for property, plant and equipment		**310**	–
		1,374	289
Current assets			
Inventories	15	**439**	–
Trade and other receivables	16	**20,174**	3,527
Bank balances and cash	17	**6,102**	167
		26,715	3,694
Current liabilities			
Trade and other payables	18	**18,388**	7,302
Amount due to a subsidiary under liquidation	19	**–**	2,222
Obligations under a finance lease	21	**–**	111
Tax payable		**31**	–
		18,419	9,635
Net current assets (liabilities)		**8,296**	(5,941)
Total assets less current liabilities		**9,670**	(5,652)
Non-current liabilities			
Amount due to ultimate holding company	20	**–**	11,651
Other loan	20	**–**	4,535
Amount due to immediate holding company	20	**32,208**	–
Obligations under a finance lease	21	**–**	155
Deferred tax liabilities	22	**120**	22
		32,328	16,363
Net liabilities		**(22,658)**	(22,015)
Capital and reserves			
Share capital	23	**2,426**	2,426
Reserves		**(25,105)**	(24,441)
Capital deficiency attributable to owners of the Company		**(22,679)**	(22,015)
Minority interests		**21**	–
Deficiency of shareholders' equity		**(22,658)**	(22,015)

The consolidated financial statements on pages 31 to 85 were approved and authorised for issue by the Board of Directors on 18 June 2010 and are signed on its behalf by:

Suen Cho Hung, Paul
DIRECTOR

Sue Ka Lok
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000 (Note 1)	Capital reserve HK$'000 (Note 2)	Translation reserve HK$'000	Accumulated losses HK$'000	Attributable to owners of the company HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2008	2,426	24,292	(1,522)	331	12,414	(12,213)	25,728	–	25,728
Exchange difference arising on translation of foreign operations	–	–	–	–	2,161	–	2,161	–	2,161
Release of translation reserve upon deconsolidation of a subsidiary	–	–	–	–	(14,575)	–	(14,575)	–	(14,575)
Loss for the year	–	–	–	–	–	(36,929)	(36,929)	–	(36,929)
Total comprehensive expenses for the year	–	–	–	–	(12,414)	(36,929)	(49,343)	–	(49,343)
Fair value adjustment on amount due to ultimate holding company	–	–	–	1,600	–	–	1,600	–	1,600
Release of capital reserve upon winding up of subsidiaries	–	–	–	(590)	–	590	–	–	–
At 31 March 2009	2,426	24,292	(1,522)	1,341	–	(48,552)	(22,015)	–	(22,015)
Exchange difference arising on translation of foreign operations	–	–	–	–	12	–	12	–	12
Loss for the year	–	–	–	–	–	(5,546)	(5,546)	21	(5,525)
Total comprehensive expenses for the year	–	–	–	–	12	(5,546)	(5,534)	21	(5,513)
Fair value adjustment on amount due to immediate holding company	–	–	–	1,404	–	–	1,404	–	1,404
Deemed capital contribution from immediate holding company	–	–	–	2,226	–	–	2,226	–	2,226
Waiver of amount due to ultimate holding company	–	–	–	1,240	–	–	1,240	–	1,240
At 31 March 2010	**2,426**	**24,292**	**(1,522)**	**6,211**	**12**	**(54,098)**	**(22,679)**	**21**	**(22,658)**

Notes:

1. On 6 January 2003, the Company became the holding company of the companies now comprising the Group pursuant to a group reorganisation scheme (the "Group Reorganisation") at the time of listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The merger reserve of the Group represents the difference between the nominal value of the shares of Better Electrical Products Company Limited ("BEPCL") acquired pursuant to the Group Reorganisation over the nominal value of the Company's shares issued in exchange therefor.

2. Capital reserve represents the fair value adjustment on the amounts due to ultimate holding company and immediate holding company, deemed capital contribution from immediate holding company and waiver of amount due to ultimate holding company.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Loss before taxation		**(5,396)**	(36,318)
Adjustments for:			
Interest income		**(1)**	(15)
Interest expenses		**1,939**	1,368
Depreciation of property, plant and equipment		**150**	3,707
Loss on disposal of property, plant and equipment		**4**	2,210
Gain on winding up of subsidiaries		**(2,142)**	(32,707)
Loss on deconsolidation of a subsidiary		**–**	49,677
Reversal of claims for employees' overtime compensations		**–**	(4,269)
Operating cash flows before movement in working capital		**(5,446)**	(16,347)
Increase in inventories		**(439)**	(3,005)
(Increase) decrease in trade and other receivables		**(16,636)**	20,182
Increase (decrease) in trade and other payables		**11,374**	(16,859)
Net cash used in operating activities		**(11,147)**	(16,029)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**207**	–
Interest received		**1**	15
Purchase of property, plant and equipment		**(1,136)**	(300)
Deposits paid for property, plant and equipment		**(310)**	–
Net cash outflow from deconsolidation of a subsidiary	27(b)	**–**	(1,522)
Net cash outflow from winding up of subsidiaries	27(a)	**–**	(7)
Net cash used in investing activities		**(1,238)**	(1,814)

	2010	2009
	HK$'000	*HK$'000*
Cash flows from financing activities		
Advance from immediate holding company	**17,500**	–
Advance from ultimate holding company	**1,240**	12,170
Repayment of finance lease	**(266)**	(111)
Repayment of amount due to a subsidiary under liquidation	**(133)**	–
Interest paid	**(21)**	(13)
Bank borrowings raised	**–**	22,530
Other loan raised	**–**	4,535
Bank borrowings repaid	**–**	(26,962)
Net cash from financing activities	**18,320**	12,149
Net increase (decrease) in cash and cash equivalents	**5,935**	(5,694)
Cash and cash equivalents at beginning of the year	**167**	5,855
Effect of foreign exchange rate changes	**–**	6
Cash and cash equivalents at end of the year, representing bank balances and cash	**6,102**	167

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. As at 31 March 2009, the directors of the Company considered the ultimate holding company was Big Jump Investments Limited ("Big Jump"), a private company incorporated in the British Virgin Islands ("BVI") with limited liability which is wholly and beneficially owned by Mr. Zhang Xi, a former director of the Company. Pursuant to an agreement in relation to the sale and purchase of shares in the Company which was completed on 24 June 2009, Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited, private companies incorporated in the BVI with limited liability, have become the immediate holding company and the ultimate holding company of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of home electrical appliances, electronic products and related plastic injection components; distribution and sale of electronic consumer products; and sourcing and sale of computer and related products. In prior years, its subsidiaries were also engaged in the design, manufacture and sale of electrical home appliances business and these operations were ceased during the year ended 31 March 2009.

2. BASIS OF PREPARATION

Going concern basis

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in the light of the fact that the Group incurred a loss of HK$5,525,000 during the year ended 31 March 2010 and, as of that date, the Group's total liabilities exceeded its total assets by HK$22,658,000. The directors of the Company have taken the following actions to improve the liquidity position of the Group:

(i) Long Channel has confirmed to the Company that Long Channel would provide the Group with full financial support for the continual business operation of the Company and would not demand repayment of its loans amounted to HK$32,208,000 unless the Group is financially able to do so. On 1 June 2010, the Company entered into another facility agreement with Long Channel for a loan facility in an aggregate principal amount up to HK$25,000,000 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 and the Company in writing. The directors of the Company consider that the Group has sufficient cash flow to maintain and develop the existing business and new operation of the Group.

(ii) The Group currently maintains a business mix comprising three operating segments. The Group has demonstrated a growth in sales for the operating segment of sale of home electrical appliances, electronic products and related plastic injection components. The Group has also expanded its business scope to sourcing and sale of computers and related products; and distribution and sale of electronic consumer products in the People's Republic of China ("PRC").

2. BASIS OF PREPARATION (CONTINUED)

Going concern basis (continued)

(ii) (continued)

The directors of the Company are of the view that the businesses of the Group are growing in a healthy pace and expect that the Group will achieve growth in turnover, improve its financial performance and liquidity in the coming years.

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.

Apart from above, the directors of the Company are looking for various business alternatives to broaden its business scope and sources of income by taking business opportunities to diversify into other business through investment or business ventures. By taking the above procedures, the directors of the Company are of the view that the resumption of trading of the shares of the Company will be succeeded in the third stage of delisting procedures.

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") for the year ended 31 March 2009 and 100% equity interests in BEP Management Services Limited ("BEPMS") for the year ended 31 March 2010, these companies were no longer regarded as subsidiaries of the Group as the directors of the Company are of the opinion that the Group did not control these companies during the years.

(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 operations 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.

2. BASIS OF PREPARATION (CONTINUED)

Subsidiaries deconsolidated (continued)

(a) BEP (China) (continued)

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) on 26 October 2008.

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. Details of the deconsolidation of BEP (China) are stated in note 27(b).

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). On 30 November 2009, the Baoan People's Court arranged another auction of the sealed moulds and a motor vehicle of BEP (China) through 深圳市聯合拍賣有限責任公司, an auction company in Shenzhen. The auction was concluded at a sum of approximately RMB904,000 (equivalent to HK$1,026,000). The aggregate amount 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 to put BEP (China) under 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 appliances 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 in March 2009. The directors of the Company resolved to deconsolidate BEP (HK) and BEPCM as at that date.

2. BASIS OF PREPARATION (CONTINUED)

Subsidiaries deconsolidated (continued)

(b) BEP (HK) and BEPCM (continued)

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. Details of the winding up of BEP (HK) and BEPCM are stated in note 27(a).

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

(c) BEPMS

In September 2009, the directors of the Company considered that the losses of BEPMS were not bearable and it was in insolvency position, accordingly the directors of the Company appointed BDO Financial Services Limited to handle the liquidation of BEPMS.

Extraordinary general meeting of BEPMS was convened on 22 September 2009 in which it had been demonstrated to the satisfaction that this company could not, by reason of its liabilities, continue their businesses and it was resolved to wind up BEPMS by way of a voluntary winding up under Section 241 of the Hong Kong Companies Ordinance. On 22 September 2009, the notice of appointment of liquidator 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 BEPMS had been lost on 22 September 2009. The directors of the Company resolved to deconsolidate BEPMS as at that date.

Accordingly, the results of BEPMS have been consolidated in the consolidated financial statements of the Group up to 22 September 2009. The consolidated income statement presented a gain on winding up of HK$2,142,000. Details of the winding up of BEPMS are stated in note 27(a).

Creditors' meetings for BEPMS had been held to consider the statement of affairs. As at the date of approval of the consolidated financial statements, the winding up of BEPMS 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), BEPCM and BEPMS that require either adjustments to or disclosure in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public of Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)* – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

* *IFRIC represents the International Financial Reporting Interpretations Committee.*

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 5) and changes in the basis of measurement of segment profit or loss.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset.

The adoption of HKAS 23 (Revised 2007) has had no effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no adjustment is required.

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)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[6]
HKAS 24 (Revised)	Related party disclosure[7]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of right issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures of first-time adopters[5]
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instrument[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
7 Effective for annual periods beginning on or after 1 January 2011.
8 Effective for annual periods beginning on or after 1 January 2013.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is 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 and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for advances granted by the ultimate holding company and immediate holding company which was adjusted to fair value at initial recognition and in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired disposed of or deconsolidated due to loss of control of subsidiaries during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal or deconsolidation, as appropriate.

All intra-company transactions, balances, income and expenses within the Group are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when goods are delivered and title has been passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment losses. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of loans and receivables, the estimated future cash flows of loans and receivables have been affected.

The objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period ranging from 30 days to 90 days and observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities, including trade payables, amount due to a subsidiary under liquidation, other loan, amount due to immediate holding company and amount due to ultimate holding company, are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all further costs to completion and costs to be incurred in selling and distribution.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sales, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs (continued)

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Short-term employee benefits

When an employee has rendered service to the Group during the year, the Group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid; and as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

Retirement benefit schemes

Payments to state-managed retirement benefit scheme or the Mandatory Provident Fund ("MPF") Scheme are charged as expenses when employees have rendered services entitling them to contributions.

5. TURNOVER AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, chief executive officer, for the purpose of allocating resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with primary segments determined in accordance with HKAS 14. In addition, the adoption of HKFRS 8 has changed the measurement basis of segment results by excluding selling and distribution costs and reversal of claims for employees' overtime compensations.

In prior years, segment information reported externally was analysed on the basis of the location of customers provided by the Group's geographical divisions. However, information reported to the chief executive officer is more specifically focused on the Group's operating divisions.

The Group's operating segments under HKFRS 8 are therefore as follows:

1. Sale of home electrical appliances, electronic products and related plastic injection components (note i)
2. Distribution and sale of electronic consumer products (note ii)
3. Sourcing and sale of computer and related products (note iii)
4. Design, manufacture and sale of electrical home appliances (note iv)

Notes:

(i) The operating division is commenced in 2009 and the Group continues its sale of home electrical appliances and electronic products, as well as related plastic injection components, by subcontracting part of its manufacturing process.

(ii) During the year ended 31 March 2010, a subsidiary is established in the PRC to conduct the business of distribution and sale of electronic consumer imaging products.

(iii) During the year ended 31 March 2010, a subsidiary is incorporated in Hong Kong to conduct the business of sourcing and sale of computer and related products.

(iv) During the year ended 31 March 2009, the Group had ceased the operation of its manufacturing plant and discontinued the operation of design, manufacture and sale of electrical home appliances.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 March 2010

	Continuing operations			
	Sale of home electrical appliances, electronic products and related plastic injection components *HK$'000*	Distribution and sale of electronic consumer products *HK$'000*	Sourcing and sale of computer and related products *HK$'000*	Total *HK$'000*
Revenue	31,783	4,247	2,655	38,685
Result				
Segment profit	2,831	213	207	3,251
Unallocated income				2,625
Unallocated expenses				(11,272)
Loss before taxation				(5,396)

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended 31 March 2009

	Continuing operations	Discontinued operation	
	Sale of home electrical appliances, electronic products and related plastic injection components	Design, manufacture and sale of electrical home appliances	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	5,977	73,829	79,806
Result			
Segment profit	282	14,661	14,943
Unallocated income	2	4,417	4,419
Unallocated expenses	(13,975)	(24,735)	(38,710)
Loss before taxation	(13,691)	(5,657)	(19,348)

Note: The accounting policies of operating segments are the same as the Group's accounting policies described in note 4. Segment revenue and segment profit is based on turnover from external customers and gross profit of each segment.

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

At 31 March 2010

	Continuing operations			
	Sale of home electrical appliances, electronic products and related plastic injection components	Distribution and sale of electronic consumer products	Sourcing and sale of computer and related products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	13,140	3,407	1,872	18,419
Unallocated assets				9,670
Consolidated total assets				28,089
Liabilities				
Segment liabilities	11,836	1,525	1,980	15,341
Unallocated liabilities				35,406
Consolidated total liabilities				50,747

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

At 31 March 2009

	Continuing operations	Discontinued operation	
	Sale of home electrical appliances, electronic products and related plastic injection components	Design, manufacture and sale of electrical home appliances	Total
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Segment assets	2,488	–	2,488
Unallocated assets			1,495
Consolidated total assets			3,983
Liabilities			
Segment liabilities	2,208	–	2,208
Unallocated liabilities			23,790
Consolidated total liabilities			25,998

Note: Segment assets and liabilities are based on inventories, trade debtors, trade deposits paid, trade creditors and trade deposits received of each segment.

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Other segment information

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets and not allocated to any operating segment:

For the year ended 31 March 2010

	Continuing operations *HK$'000*
Addition to non-current assets *(note)*	**1,446**
Depreciation	**150**

For the year ended 31 March 2009

	Continuing operations *HK$'000*	Discontinued operation *HK$'000*	Total *HK$'000*
Addition to non-current assets *(note)*	15	285	300
Depreciation	115	3,592	3,707

Note: Non-current assets represented property, plant and equipment and deposits paid for property, plant and equipment.

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

For the year ended 31 March 2010

	Continuing operations *HK$'000*
Home electrical appliances, electronic products and related plastic injection components	**31,783**
Consumer imaging products	**4,247**
Computers and related products and accessories	**2,655**
	38,685

For the year ended 31 March 2009, the Group's revenue from continuing operations and discontinued operation was arisen from home electrical appliances, electronic products and related plastic injection components.

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in the PRC and Hong Kong. The Group's revenue from continuing operations by geographical location of customers and information about its non-current assets by geographical location of the assets are detailed below:

For the year ended 31 March 2010

	Revenue *HK$'000*	**Non-current assets** *HK$'000*
Continuing operations:		
Hong Kong	**25,940**	**1,359**
PRC	**11,655**	**15**
Other Asian countries	**744**	**–**
Europe	**346**	**–**
	38,685	**1,374**

For the year ended 31 March 2009

	Revenue *HK$'000*	Non-current assets *HK$'000*
Continuing operations:		
Hong Kong	5,977	289
Discontinuing operation:		
Europe	42,470	–
North America	10,215	–
Australia and New Zealand	2,996	–
Asia	14,711	–
Other	3,437	–
	73,829	–
Total	79,806	289

Note: Non-current assets represented property, plant and equipment and deposits paid for property, plant and equipment.

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2010	2009
	HK$'000	*HK$'000*
Largest customer	**7,765**	5,977
Second largest customer	**7,044**	–
Third largest customer	**6,201**	–

Note: For the year ended 31 March 2010, revenue from above customers are arisen from the business of sale of home electrical appliances, electronic products and related plastic injection components.

For the year ended 31 March 2009, since the complete set of accounting books and records of discontinued operation have been withheld by the Baoan People's Court and the liquidator, information about major customers is not determinable. As a result, the above revenue from customers is based on the contribution over 10% of the total revenue from continuing operations.

6. FINANCE COSTS

	Continuing operations		**Discontinued operation**		**Consolidated total**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on other loan	**–**	235	**–**	–	**–**	235
Imputed interest on amount due to ultimate holding company and immediate holding company	**1,918**	822	**–**	298	**1,918**	1,120
Finance lease charges	**21**	13	**–**	–	**21**	13
Bank charges	**28**	5	**–**	370	**28**	375
	1,967	1,075	**–**	668	**1,967**	1,743

7. LOSS BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):						
Auditors' remuneration	**836**	680	**–**	4	**836**	684
Depreciation of property, plant and equipment						
– owned by the Group	**150**	–	**–**	3,592	**150**	3,592
– held under a finance lease	**–**	115	**–**	–	**–**	115
Loss on disposal of property, plant and equipment	**4**	–	**–**	2,210	**4**	2,210
Minimum lease payments under operating leases in respect of:						
– rented premises	**369**	1,272	**–**	2,392	**369**	3,664
– motor vehicle	**–**	–	**–**	48	**–**	48
Staff costs						
– directors' remuneration *(note 8)*	**614**	1,866	**–**	–	**614**	1,866
– staff salaries and wages	**1,736**	557	**–**	20,811	**1,736**	21,368
– reversal of claims for employee's overtime compensations	**–**	–	**–**	(4,269)	**–**	(4,269)
– retirement benefits scheme contributions	**79**	13	**–**	220	**79**	233
	2,429	2,436	**–**	16,762	**2,429**	19,198
Interest income	**(1)**	–	**–**	(15)	**(1)**	(15)

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable by the Group to the directors of the Company are as follows:

For the year ended 31 March 2010

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total emoluments *HK$'000*
Executive directors:				
Mr. Suen Cho Hung, Paul	–	84	4	88
Mr. Sue Ka Lok	–	84	4	88
Mr. Li Hiu Ming	–	102	5	107
Mr. Poon Hor On	–	102	–	102
Mr. Zhang Xi	4	–	4	8
Mr. Chen Yang	2	–	2	4
Mr. Cai Duanhong	4	–	4	8
Ms. Zhang Yu	4	–	4	8
Independent non-executive directors:				
Mr. Chan Kwong Fat, George	49	–	–	49
Mr. Siu Hi Lam, Alick	49	–	–	49
Mr. To Yan Ming, Edmond	49	–	–	49
Mr. Hong Po Kui, Martin	18	–	–	18
Mr. Yam Tak Fai, Ronald	18	–	–	18
Mr. Wong Man Hin, Raymond	18	–	–	18
	215	372	27	614

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

For the year ended 31 March 2009

	Fees	Salaries and allowances	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Zhang Xi	–	257	12	269
Mr. Chen Yang	–	747	12	759
Mr. Cai Duanhong	–	257	12	269
Ms. Zhang Yu	–	257	12	269
Independent non-executive directors:				
Mr. Hong Po Kui, Martin	100	–	–	100
Mr. Yam Tak Fai, Ronald	100	–	–	100
Mr. Wong Man Hin, Raymond	100	–	–	100
	300	1,518	48	1,866

In the year ended 31 March 2010, one director waived emoluments of HK$74,000, which is excluded in above emoluments. No directors waived any emoluments in the year ended 31 March 2009.

Employees

The five highest paid individuals of the Group included one (2009: one) director, details of whose remuneration are set out above. The emoluments of the remaining four (2009: four) highest paid employee are as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and allowances	**1,259**	1,381
Retirement benefits scheme contributions	**39**	33
	1,298	1,414

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Emoluments of these employees were within the following band:

	Number of employees	
	2010	2009
Nil - HK$1,000,000	**4**	4

9. TAXATION

	Continuing operations		Discontinued operation		Consolidated total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The charge comprised:						
Hong Kong Profits Tax	**(7)**	–	**–**	–	**(7)**	–
PRC Enterprise Income Tax	**(24)**	–	**–**	–	**(24)**	–
Deferred taxation *(note 22)*	**(98)**	(22)	**–**	(589)	**(98)**	(611)
	(129)	(22)	**–**	(589)	**(129)**	(611)

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) 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 the year ended 31 March 2009.

PRC Enterprise Income Tax is calculated at 25% of assessable profits for the year. No provision for PRC Enterprise Income Tax had been made for 2009 as the subsidiary operating in the PRC incurred tax losses for the year ended 31 March 2009 and was deconsolidated on 26 October 2008.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2009 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 2010 has been recognised as the directors of the Company consider the amount is not significant. No deferred tax liability has been recognised for the year ended 31 March 2009 as the subsidiary operating in the PRC incurred losses.

9. TAXATION (CONTINUED)

Taxation charge for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss before taxation	**(5,396)**	(36,318)
Tax credit at the domestic income tax rate of 16.5% (2009: 16.5%)	**890**	5,992
Tax effect of expenses that are not deductible for taxation purposes	**(679)**	(9,327)
Tax effect of income that is not taxable for taxation purposes	**398**	5,396
Tax effect of tax losses not recognised	**(727)**	(3,629)
Utilisation of tax losses previously not recognised	**–**	812
Effect of different tax rate	**(11)**	145
Taxation charge for the year	**(129)**	(611)

10. DISCONTINUED OPERATION

BEP (China) and BEP (HK) were principally engaged in the design, manufacture and sale of electrical home appliances. Upon deconsolidation of BEP (China) and winding up of BEP (HK) during the year ended 31 March 2009, the Group has ceased these operations. Accordingly, the design, manufacture and sale of electrical home appliances operation is presented as a discontinued operation in the consolidated financial statements. The results of the design, manufacture and sale of electrical home appliances operation for the period, which have been included in the consolidated income statement, are as follows:

	Notes	**2010** **HK$'000**	2009 HK$'000
Turnover		–	73,829
Cost of sales		–	(59,168)
Gross profit		–	14,661
Other income		–	148
Selling and distribution costs		–	(4,369)
Administrative expenses		–	(19,698)
Reversal of claims for employees' overtime compensations	11	–	4,269
Finance costs	6	–	(668)
Loss before taxation	7	–	(5,657)
Taxation	9	–	(589)
Loss of design, manufacture and sale of home electrical appliances operation for the year		–	(6,246)
Gain on winding up of subsidiaries	27(a)	–	32,707
Loss on deconsolidation of a subsidiary	27(b)	–	(49,677)
		–	(23,216)

During the year ended 31 March 2009, BEP (China) and BEP (HK) used HK$7,176,000 in respect of the Group's net operating cash flows, paid HK$285,000 in respect of investing activities and paid HK$4,417,000 in respect of financing activities.

The carrying amounts of the assets and liabilities of BEP (China) and BEP (HK) at the date of disposal are disclosed in note 27.

11. REVERSAL OF 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 amounted to RMB4,988,000 (equivalent to HK$5,535,000), which was about 50% of the full amount determined by the Arbitration Committee.

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.

11. REVERSAL OF CLAIMS FOR EMPLOYEES' OVERTIME COMPENSATIONS (CONTINUED)

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 after taking into account of the amount accrued of HK$462,000 as above is credited to the consolidated income statement and is included in loss for the year from discontinued operation.

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2010, nor has any dividend been proposed since the end of the reporting period (2009: nil).

13. 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 owners of the Company of HK$5,546,000 (2009: HK$36,929,000) and on the weighted average of 4,852,000,000 ordinary shares (2009: 4,852,000,000) in issue during the year.

From continuing operations

The calculation of basic loss per share is based on the loss for the year from continuing operations attributable to owners of the Company of HK$5,546,000 (2009: HK$13,713,000) and on the weighted average of 4,852,000,000 ordinary shares (2009: 4,852,000,000) in issue during the year.

From discontinued operation

For the year ended 31 March 2009, the basic loss per share amounted to HK$0.48 cent. The calculation of basic loss per share is based on the loss for the year from discontinued operation attributable to owners of the Company of HK$23,216,000 and on the weighted average of 4,852,000,000 ordinary shares in issued during the year.

No diluted loss per share has been presented because there is no outstanding potential ordinary shares as at 31 March 2010 and 2009.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Moulds HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 April 2008	61,521	71,888	918	2,612	2,813	2,620	400	142,772
Currency realignment	1,212	1,172	–	23	2	5	8	2,422
Additions	–	–	–	–	15	55	230	300
Disposals	(1,820)	(13,539)	(897)	(1,474)	(1,793)	(1,563)	–	(21,086)
Deconsolidation of a subsidiary	(60,913)	(59,521)	–	(1,153)	(117)	(251)	(638)	(122,593)
Winding up of subsidiaries	–	–	(21)	(8)	(461)	(866)	–	(1,356)
At 31 March 2009	–	–	–	–	459	–	–	459
Additions	–	635	466	13	–	22	–	1,136
Disposals	–	–	(9)	–	(459)	–	–	(468)
At 31 March 2010	–	635	457	13	–	22	–	1,127
DEPRECIATION								
At 1 April 2008	44,603	66,814	918	2,501	2,332	2,561	–	119,729
Currency realignment	889	1,097	–	21	–	5	–	2,012
Provided for the year	1,565	1,936	–	23	142	41	–	3,707
Eliminated on disposals	(972)	(12,191)	(898)	(1,467)	(1,792)	(1,556)	–	(18,876)
Deconsolidation of a subsidiary	(46,085)	(57,656)	–	(1,073)	(51)	(239)	–	(105,104)
Winding up of subsidiaries	–	–	(20)	(5)	(461)	(812)	–	(1,298)
At 31 March 2009	–	–	–	–	170	–	–	170
Provided for the year	–	43	20	–	86	1	–	150
Eliminated on disposals	–	–	(1)	–	(256)	–	–	(257)
At 31 March 2010	–	43	19	–	–	1	–	63
CARRYING VALUES								
At 31 March 2010	**–**	**592**	**438**	**13**	**–**	**21**	**–**	**1,064**
At 31 March 2009	–	–	–	–	289	–	–	289

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is provided to write off the cost of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method at the following rates per annum:

Plant and machinery	10%
Moulds	30%
Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	20 - 25%
Computer equipment	25%

As at 31 March 2009, the carrying value of motor vehicles of HK$289,000 includes an amount of HK$273,000 in respect of asset held under a finance lease (2010: nil).

15. INVENTORIES

	2010	2009
	HK$'000	*HK$'000*
Finished goods	**439**	–

16. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade debtors	**17,252**	–
Trade deposits paid	**728**	2,488
Sundry debtors and prepayments	**2,194**	1,039
	20,174	3,527

The following is an aged analysis of trade debtors presented based on the invoice date at the end of the reporting period.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2010	2009
	HK$'000	HK$'000
0 – 60 days	11,622	–
61 – 120 days	4,745	–
121 – 180 days	885	–
	17,252	–

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 90 days. For other trade debts, the Group provided a credit period normally ranging from 30 to 90 days to its customers. Before accepting any new customers, the management will internally assess the credit quality of the potential customer and define appropriate credit limits. The management has assessed the credit quality of trade debtors that are neither past due nor impaired and considered no impairment is necessary in view of their good repayment history and low default rates.

Included in the Group's trade debtors as at 31 March 2010 were debtors with aggregate carrying amount of HK$3,317,000 (2009: nil) which were past due at the end of the reporting period for which the Group had not provided for impairment loss as the Group considered that the default risk was low after assessing the past payment history of the debtors and settlement after the end of the reporting period. The Group did not hold any collateral over these balances.

The following is an aged analysis of trade debtors presented based on the invoice date at the end of the reporting period which are past due but not impaired.

	2010	2009
	HK$'000	HK$'000
91 - 180 days	3,317	–

17. BANK BALANCES AND CASH

The bank balances carry interest at market rates which range from 0.01% to 0.36% (2009: 0.01% to 0.1%) per annum.

18. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade creditors	**13,284**	–
Trade deposits received	**2,057**	2,208
Other payables and accruals	**3,047**	5,094
	18,388	7,302

The following is an aged analysis of trade creditors presented based on the invoice date at the end of the reporting period.

	2010	2009
	HK$'000	*HK$'000*
0 - 60 days	**13,284**	–

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

19. AMOUNT DUE TO A SUBSIDIARY UNDER LIQUIDATION

The amount was unsecured, interest free and repayable on demand.

20. AMOUNT DUE TO ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/OTHER LOAN

During the year ended 31 March 2009, the advance of HK$12,170,000 from Big Jump Investments Limited ("Big Jump"), ultimate holding company of the Company, was unsecured, interest free and repayable on 1 April 2010. The other loan of RMB4,000,000 (equivalent to HK$4,535,000) was unsecured, interest bearing at prevailing market rate ranging from 5% to 6.5% per annum and repayable in full on 1 April 2010.

On 30 May 2009, the advance and the other loan were assigned to Elite Agent Limited ("Elite"). There is no change in repayment terms upon assignments of the advance and the other loan. On 24 June 2009, Elite has assigned the advance and the other loan to Long Channel. There is no change in repayment terms upon assignments of the advance and the other loan. On 7 July 2009 and 3 February 2010, Long Channel agreed to extend the repayment date of the advance and the other loan to 1 April 2011 and amend the term of interest rate of the other loan to interest bearing at a fixed rate of 1% per annum with effect from 1 April 2009, respectively.

20. AMOUNT DUE TO ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/OTHER LOAN (CONTINUED)

During the year ended 31 March 2010, a further advance from Big Jump amounted to HK$1,240,000 was granted and waived. The waiver of amount due to Big Jump (the ultimate holding company) was recognised as deemed capital contribution in equity.

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. During the year ended 31 March 2010, the Company has drawn down the facility a sum of HK$17,500,000. The loan facility is unsecured, interest bearing at a fixed rate of 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 and the Group in writing. On 31 March 2010, Long Channel agreed to extend the repayment date of the loan facility to 1 April 2011.

The fair value of the utilised facility of HK$17,500,000 (2009: the advance of HK$12,170,000) at initial recognition, amounting to HK$16,096,000 (2009: HK$10,570,000), was determined based on the present value of the estimated future cash flows discounted using an interest rate of 7.1% (2009: 7.1%), which was similar to the latest effective interest rate of bank borrowings. The difference of approximately HK$1,404,000 (2009: HK$1,600,000) between its present value and carrying amount on its inception dates was recognised as a fair value adjustment on amount due to immediate holding company (2009: a fair value adjustment on amount due to ultimate holding company) in equity.

During the year ended 31 March 2010, Long Channel agreed with the Group to extend the repayment dates of the advance of HK$12,170,000, other loan of RMB4,000,000 and the utilised facility of HK$17,500,000 to 1 April 2011 and amend the term of interest rate of the other loan. The Group recalculated the carrying amount of those balances by computing their present value of estimated future cash flows at original effective interest rate. The difference of approximately HK$2,226,000 between their present value and carrying amount on the dates of extension and amendment was recognised as a deemed capital contribution from immediate holding company.

As at 31 March 2010, all the loans and advances are unsecured and repayable on 1 April 2011. Except for the advance with carrying amount of HK$11,388,000 (the principal amount of HK$12,170,000) is interest free, the remaining balances are interest bearing at a fixed rate of 1% per annum.

21. OBLIGATIONS UNDER A FINANCE LEASE

In prior year, the Group entered into a finance lease to acquire a motor vehicle. The lease term was 3 years and the interest rate was fixed at 12% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable under finance lease				
Within one year	–	124	–	111
In more than one year but not more than two years	–	124	–	111
In more than two years but not more than five years	–	48	–	44
	–	296	–	266
Less: Future finance charges	–	(30)	–	N/A
Present value of lease obligation	–	266		266
Less: Amount due for settlement within one year (shown under current liabilities)			–	(111)
Amount due for settlement after one year			–	155

The Group's obligations under a finance lease was secured by the lessor's charge over the leased asset.

22. DEFERRED TAXATION

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	Claims for employees' overtime compensations	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	1,148	2,287	226	3,661
Credit (charge) to profit or loss	158	(769)	–	(611)
Deconsolidation of a subsidiary	(1,554)	(1,518)	–	(3,072)
Winding up of subsidiaries	226	–	(226)	–
At 31 March 2009	(22)	–	–	(22)
Charge to profit or loss	(98)	–	–	(98)
At 31 March 2010	(120)	–	–	(120)

The Group has not recognised deferred tax asset in respect of tax losses of HK$11,656,000 (2009: HK$7,250,000) due to the unpredictability of future profit streams. During the year ended 31 March 2009, tax losses of HK$16,882,000 and HK$60,410,000 were eliminated on deconsolidation and winding up of subsidiaries, respectively.

23. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.0005 each at 1 April 2008, 31 March 2009 and 31 March 2010	200,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.0005 each at 1 April 2008, 31 March 2009 and 31 March 2010	4,852,000,000	2,426

24. SHARE OPTION SCHEME

On 6 January 2003, the shareholders of the Company adopted a share option scheme (the "Scheme") for a period of ten years commencing from the date of listing of the Company's shares on the Stock Exchange on 3 March 2003. The purpose of the Scheme is to provide employees of the Group with the opportunity to acquire proprietary interests in the Company and to encourage employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole.

Under the Scheme, the Board shall be entitled to make an offer of grant of options to any employee of the Group, including any executive directors of the Group in its discretion. Consideration of HK$1 is payable on the acceptance of an offer. The subscription price of the options shall be determined by the Board at its absolute discretion but shall be no less than the highest of: (i) the closing price of the Company's shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant. An option may be exercised at any time during the period to be determined and notified by the Board to each grantee at the time of making the offer but in any event such period may not be more than ten years from the date of grant of the option.

There is no general requirement on the minimum period for which an option must be held before it can be exercised under the Scheme. At the time of granting an option, however, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitation in relation to the minimum period for which the option must be held as the Board may in its absolute discretion determine.

The total number of shares issued and to be issued upon exercise of options granted and to be granted to each grantee (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of further grant must not exceed 1% of the shares in issue. Any further grant of options in excess of the above limit must be subject to shareholders' approval. The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be issued under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the Company's shares in issue from time to time.

No options were granted or exercised during the years ended 31 March 2009 and 2010 and no share options were outstanding as at 31 March 2009 and 2010.

25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes amount due to immediate holding company (2009: includes other loan and amount due to ultimate holding company) disclosed in note 20 and equity attributable to shareholders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010	2009
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**24,354**	167
Financial liabilities		
Financial liabilities at amortised cost	**45,492**	18,408

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade payables and amount due to immediate holding company (2009: include bank balances and cash, amount due to a subsidiary under liquidation, other loan and amount due to ultimate holding company). Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, mainly represented by trade receivables, bank balances and cash, trade payables and other loan, at the end of the reporting period are as follows:

	2010		2009	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Renminbi ("RMB")	**1**	**4,545**	–	4,535
United States dollars ("USD")	**7,435**	**7,637**	8	–
European dollars ("EUR")	**92**	**87**	–	–

The Group believes its exposure to foreign exchange rate is not significant. At present, the Group does not intend to hedge its exposure to foreign exchange risk profile and will consider appropriate hedging measures in future as may be necessary.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in HKD against the relevant foreign currencies other than USD (under the linked exchange rate system, the financial impact on financial exchange difference between HKD and USD is expected to be immaterial and therefore no sensitivity analysis has been prepared). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive (negative) number indicates an decrease (increase) in post-tax loss for the year when HKD strengthens 5% against the relevant foreign currencies. For a 5% weakening of HKD against the relevant currency, there would be an equal but opposite impact on the post-tax loss for the year.

	2010	2009
	HK$'000	*HK$'000*
RMB		
Post-tax loss for the year	**227**	227
EUR		
Post-tax loss for the year	**(1)**	–

Interest rate risk

The Group was exposed to cash flow interest rate risk in relation to floating-rate other loan (see note 20 for details of other loan) as at 31 March 2009. The management continuously monitored interest rate fluctuation and considered further hedging interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate amount due to immediate holding company (see note 20 for details of amount due to immediate holding company) as at 31 March 2010.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances (see note 17 for details of these deposits). The management considers the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below had been determined based on the exposure to interest rates for floating-rate other loan as at 31 Mach 2009. The analysis was prepared assuming the amount of liability outstanding as at 31 March 2009 was outstanding for the whole year. A 50 basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2009 would increase/decrease by HK$23,000. This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out searches on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

As at 31 March 2009, the Group's concentration of credit risk on its individual trade debtor by geographical location was in Hong Kong, which was engaged in the business of sale of home electrical appliances, electronic products and related plastic injection components. In the opinion of the directors, the trade debtor was international customer with good credibility.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Credit risk (continued)

As at 31 March 2010, the Group's concentration of credit risk on trade receivables by geographical locations was mainly in Hong Kong. The trade debtors located in Hong Kong, which are mainly engaged in the business of sale of home electrical appliances, electronic products and related plastic injection components, accounted for 62% of the Group's total trade debtors as at 31 March 2010. The Group also had concentration of credit risk by customers as 35.2% and 52.8% of the total debtors were due from the Group's largest customer and the three largest customers respectively. In the opinion of the directors, the three largest customers are international customers with good credibility.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group also relies on financing from immediate holding company (2009: financing from ultimate holding company and other loan) as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and includes both interest and principal cash flows.

Liquidity table

	Effective interest rate	Repayable on demand	Less than 3 months	4-6 months	7-12 months	Over 1 year	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2010								
Trade payables	–	–	13,284	–	–	–	13,284	13,284
Amount due to immediate holding company	7.1	–	–	–	–	34,792	34,792	32,208
		–	13,284	–	–	34,792	48,076	45,492
At 31 March 2009								
Amount due to a subsidiary under liquidation	–	2,222	–	–	–	–	2,222	2,222
Amount due to ultimate holding company	7.1	–	–	–	–	12,170	12,170	11,651
Obligations under finance lease	12.0	–	31	31	62	172	296	266
Other loan - variable rate	6.5	–	–	–	–	4,830	4,830	4,535
		2,222	31	31	62	17,172	19,518	18,674

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

27. DECONSOLIDATION OF A SUBSIDIARY/WINDING UP OF SUBSIDIARIES

(a) Gain on winding up of subsidiaries (BEP (HK), BEPCM and BEPMS)

Details of the net assets of subsidiaries wound up are set out below.

	2010	2009
	HK$'000	*HK$'000*
Property, plant and equipment	**–**	58
Trade and other receivables	**1**	4,776
Amount due from a group company	**133**	2,222
Bank balances and cash	**–**	7
Trade and other payables	**(54)**	(35,062)
Amount due to a former group company under liquidation	**(2,222)**	–
Amount due to ultimate holding company	**–**	(4,708)
	(2,142)	(32,707)
Gain on winding up of subsidiaries	**2,142**	32,707
	–	–
Analysis of net outflow of cash and cash equivalents arising from winding up of subsidiaries		
Bank balances and cash of winding up subsidiaries	**–**	(7)

27. DECONSOLIDATION OF A SUBSIDIARY/WINDING UP OF SUBSIDIARIES (CONTINUED)

(b) Loss on deconsolidation of a subsidiary (BEP (China)

Details of the net assets of a subsidiary deconsolidated are set out below.

	2010	2009
	HK$'000	*HK$'000*
Property, plant and equipment	–	17,489
Deferred tax assets	–	3,072
Inventories	–	57,996
Trade and other receivables	–	5,295
Bank balances and cash	–	1,522
Trade and other payables	–	(21,122)
	–	64,252
Loss on deconsolidation of a subsidiary	–	(49,677)
Translation reserve released upon deconsolidation	–	(14,575)
	–	–
Analysis of net outflow of cash and cash equivalents arising from deconsolidation of a subsidiary		
Bank balances and cash of a deconsolidated subsidiary	–	(1,522)

28. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**60**	2,501
In the second to fifth years inclusive	–	393
	60	2,894

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for an average term of one year (2009: two years) and rentals are fixed over the lease terms.

29. CAPITAL COMMITMENTS

	2010	2009
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**310**	–

30. RETIREMENT BENEFITS SCHEME

The Group participates in the MPF Scheme implemented by the Hong Kong Government for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustee. The Group contributes 5% of relevant payroll costs with a cap of monthly contribution HK$1,000 to the MPF Scheme, which contribution is matched by employees.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

31. LITIGATIONS

(a) BEP (China)

Up to the date of deconsolidation, BEP (China) received claims from a number of suppliers of an aggregate amount of RMB3,368,000 (equivalent to HK$3,845,000). All claims have either been settled through court mediation or are in the court proceedings. However, as the premises of BEP (China) have been withheld by the Baoan People's Court, there is a possibility that new claims might be made against BEP (China) 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. 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.

31. LITIGATIONS (CONTINUED)

(b) BEP (HK)

Up to the date of deconsolidation, BEP (HK) also received claims of an aggregate amount of HK$22,252,000. 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.

32. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2010, the Group paid rental expense, management fee and air-conditioning charge at a total amount of HK$80,000 and purchased property, plant and equipment of HK$457,000 from a related company which was beneficially owned by a director of the Company (2009: nil).

Compensation of key management personnel

Details of the remuneration of key management personnel during the year are set out as below:

	2010	2009
	HK$'000	*HK$'000*
Short-term employee benefits	**1,846**	2,899
Post employment benefits	**66**	81
	1,912	2,980

33. NON-CASH TRANSACTION

During the year ended 31 March 2010, a further advance from Big Jump amounted to HK$1,240,000, was being waived.

34. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2010 and 2009 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Attributable equity interest to the Group		Principal activities
			2010	2009	
Better Electrical Products Company Limited *(Note a)*	BVI/Hong Kong	US$10,000	**100%**	100%	Investment holding
BEP Corporate Services Limited	Hong Kong	HK$1	**100%**	100%	Provision of management services
BEP Enterprises Limited *(Note a)*	Samoa/Hong Kong	US$1	**100%**	100%	Investment holding
BEP International Trading Limited *(Note a)*	Samoa/Hong Kong	US$1	**100%**	100%	Investment holding
BEP Management Services Limited	Hong Kong	HK$100	**–**	100%	Provision of management services
Better Business Services Limited	Hong Kong	HK$1	**100%**	100%	Provision of management services
May Wilson Investment Co. Ltd *(Note a and b)*	BVI/Hong Kong	US$100	**92%**	–	Investment holding
May Wilson Plastics and Electronics (HK) Co. Limited *(Note b)*	Hong Kong	HK$1	**92%**	–	Sale of home electrical appliances, electronic products and related plastic injection components
Neo Computer International Co. Limited *(Note b)*	Hong Kong	HK$1	**92%**	–	Sourcing and sale of computer and related products

34. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Attributable equity interest to the Group		Principal activities
			2010	2009	
Smart Luck Trading Limited	Hong Kong	HK$100	**100%**	100%	Sale of home electrical appliances, electronic products and related plastic injection components
Top Splendor International Development Limited *(Note a)*	BVI/Hong Kong	US$100	**100%**	100%	Investment holding
智多貿易（深圳）有限公司 *(Note b)*	PRC	HK$3,000,000	**100%**	–	Distribution and sale of electrical and electronic consumer products

Notes:

(a) Directly held by the Company.

(b) These subsidiaries were incorporated during the year.

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

Five-Year Financial Summary

	Year ended 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	280,876	385,393	345,331	79,806	**38,685**
(Loss) profit before taxation	(18,323)	13,847	(41,996)	(36,318)	**(5,396)**
Taxation	–	(364)	6,040	(611)	**(129)**
(Loss) profit for the year	(18,323)	13,483	(35,956)	(36,929)	**(5,525)**

	At 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	115,265	133,761	119,226	3,983	**28,089**
Total liabilities	80,240	83,065	93,498	25,998	**50,747**
	35,025	50,696	25,728	(22,015)	**(22,658)**
Equity (capital deficiency) attributable to owners of the Company	35,025	50,696	25,728	(22,015)	**(22,658)**