



**BEP INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code : 2326)

**07/08**

Interim report

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Zhang Xi (*Chairman*)  
(Appointed on 9 October 2007)  
Mr. Chen Yang  
(Appointed on 9 October 2007)  
Mr. Cai Duanhong  
(Appointed on 9 October 2007)  
Mr. Chan Tat  
(Resigned on 29 October 2007)  
Mr. Poon Tat Hang  
(Resigned on 7 August 2007)  
Mr. Lee Kam Hung  
(Resigned on 29 October 2007)  
Mr. Chan Man Kei  
(Resigned on 29 October 2007)

### Non-Executive Director

Madam Hong Jing Yu  
(Resigned on 29 October 2007)

### Independent non-executive Directors

Mr. Hong Po Kui, Martin  
(Appointed on 29 October 2007)  
Mr. Wong Man Hin, Raymond  
(Appointed on 29 October 2007)  
Mr. Yam Tak Fai, Ronald  
(Appointed on 29 October 2007)  
Mr. Hong Yee Kwong, Paul  
(Resigned on 29 October 2007)  
Mr. Lam King Pui  
(Resigned on 29 October 2007)  
Mr. Wu Tai Cheung  
(Resigned on 29 October 2007)

## AUDIT COMMITTEE

Mr. Yam Tak Fai, Ronald (*Chairman*)  
(Appointed on 29 October 2007)  
Mr. Wong Man Hin, Raymond  
(Appointed on 29 October 2007)  
Mr. Hong Po Kui, Martin  
(Appointed on 29 October 2007)  
Mr. Lam King Pui  
(Resigned on 29 October 2007)  
Mr. Hong Yee Kwong, Paul  
(Resigned on 29 October 2007)  
Mr. Wu Tai Cheung  
(Resigned on 29 October 2007)

## REMUNERATION COMMITTEE

Mr. Hong Po Kui, Martin (*Chairman*)  
(Appointed on 29 October 2007)  
Mr. Wong Man Hin, Raymond  
(Appointed on 29 October 2007)

Mr. Yam Tak Fai, Ronald  
(Appointed on 29 October 2007)  
Mr. Zhang Xi  
(Appointed on 29 October 2007)  
Mr. Hong Yee Kwong, Paul  
(Resigned on 29 October 2007)  
Mr. Lam King Pui  
(Resigned on 29 October 2007)  
Mr. Wu Tai Cheung  
(Resigned on 29 October 2007)

## COMPANY SECRETARY

Ms. Lai Ngai Ping  
(Appointed on 29 October 2007)  
Mr. Poon Tat Hang  
(Resigned on 31 August 2007)

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Units 909-912  
9th Floor, Fo Tan Industrial Centre  
26-28 Au Pui Wan Street  
Fo Tan, Shatin  
New Territories  
Hong Kong

## PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

The Bank of Bermuda Limited  
Bank of Bermuda Building  
6 Front Street  
Hamilton HM11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Secretaries Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Hong Kong

## COMPANY HOMEPAGE

<http://www.bep.com.hk>

## STOCK CODE

2326

# Management Discussion and Analysis

## FINANCIAL REVIEW

During the six months ended 30 September 2007, turnover of the Group reached approximately HK\$193,203,000 (six months ended 30 September 2006: HK\$186,566,000), representing an increase of approximately 3.6% as compared to the corresponding period in 2006. The Group recorded a net loss of approximately HK\$4,428,000 during the reporting period (six months ended 30 September 2006: net profit of approximately HK\$159,000).

For the reporting period, the home appliances industry had faced the increase in the raw materials costs, labour and overhead costs in the PRC. Although the turnover of the Group was increased as compared to the corresponding period in 2006, the home appliances market had been extremely competitive which did not allow us to pass on the incremental production cost to our customers. We will continue to enhance our cost reduction programme and stringently control the factory overhead and overtime expenses.

## BUSINESS REVIEW

As mentioned in the annual report for the year ended 31 March 2007, the Group implemented the product rationalization strategy to turnaround the loss-making situation. In order to improve its profit margin and avoid the cut throat competition in the low-end market, the Group focused on the production and marketing of the high-end products. Although our product strategy has been changed in this reporting period, it is inevitable that we have to encounter difficult operating environment during the reporting period due to ever escalation of manufacturing costs, labour and overhead costs, persistent of appreciation of Renminbi and increasing stringent regulatory controls of the PRC government towards the raw materials and products out of the PRC.

Although we relentlessly pursued its cost-cutting initiatives, including the reduction of the production costs, during the reporting period, we will still place great emphasis on products quality and reliability strict quality controls standard to fulfill the stringent requirements of the high-end customers.

Our Group's products mainly consisted of kettles, irons, coffee makers and grinders. Europe is continued to be our largest market, accounted for approximately 55% of the total sales during the reporting period. We will still continue to keep abreast with the market conditions and to develop new market segments in the sale of household electrical appliances for our customers. On the other hand, we will look into feasible investment opportunities to diversify risk and broaden the sources of income of the Group, including but not limited to, identifying investment opportunities which are expected to improve the profitability and/or broaden the revenue streams of the Group.

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2007, the Group had total bank borrowings of approximately HK\$16,609,000 (as at 31 March 2007: HK\$25,355,000) The gearing ratio, expressed as a percentage of bank borrowings to total equity, was approximately 54% (as at 31 March 2007 (restated): 75%). In addition to internally generated cash flows, the Group also made use of export bills discounting facilities to finance its operations during the reporting period. All borrowings during the reporting period were based on current market interest rate. The Group maintained a

# Management Discussion and Analysis

cash balance of approximately HK\$5,372,000 as at 30 September 2007 (as at 31 March 2007: HK\$9,639,000). The current ratio increased to 1.11 (as at 31 March 2007 (restated): 1.08). The average stock turnover period increased from approximately 57 days to approximately 62 days and the average debtor turnover period increased from approximately 31 days to approximately 32 days.

The Group continues to adopt a prudent approach in funding and treasury policies. Transactions of the Group are mainly denominated in US dollar, Sterling Pound, HK dollar and Renminbi. The continued weakness of the US dollar and the acceleration in the pace of Renminbi appreciation might have and an adverse impact to the Group's profitability.

## APPOINTMENT OF THE NEW BOARD

Big Jump Investments Limited ("Big Jump"), being wholly and beneficially owned by our Chairman and Director, Mr. Zhang Xi, entered into a sale and purchase agreement for the acquisition of 172,650,000 shares of the Company ("Shares"), representing approximately 71.46% of the entire issued share capital of the Company (the "Acquisition"). The Acquisition was completed on 17 September 2007 and Big Jump has become the controlling shareholder of the Company. In this respect, Big Jump is obliged to make an unconditional general offers to acquire all issued Shares in the Company and cancellation of all outstanding options (the "General Offers"). The General Offers were completed on 29 October 2007.

As a result of the change in controlling shareholder of the Company, Mr. Zhang Xi, Mr. Chen Yang and Mr. Cai Duanhong were appointed as executive Directors and Mr. Hong Po Kui, Martin, Mr. Wong Man Hin, Raymond and Mr. Yam Tak Fai, Ronald were appointed as independent non-executive Directors with effect from 9 October 2007. Mr. Chan Tat, Mr. Chan Mei Kei and Mr. Lee Kam Hung resigned as executive Directors, Madam Hong Jing Yu resigned as a non-executive Director and Mr. Hong Yee Kwong Paul, Mr. Lam King Pui and Mr. Wu Tai Cheung resigned as independent non-executive Directors with effect from 29 October 2007.

The Board of the Directors was aware that there might be several claims from a number of the Group's factory employees in the People's Republic of China ("PRC") in respect of the underpayment of overtime compensations in the previous years in accordance with the relevant labour laws in the PRC. The Board of Director has continuously taking legal advices from the PRC lawyers and based on such advices, consider it prudent to make provision if appropriate for such potential claim for the under payment overtime compensation. As a result, a prior period adjustment has been made in the Group's condensed consolidated financial statements. Further details of such adjustment are disclosed in notes to the accounts No.3.

## OUTLOOK

We will endeavor to achieve a break-even in the core business in the coming year while it will conduct a review of the Group's financial position and operations and formulate a long-term strategy and plans for the Group to expand the scope of business and broaden the income stream of the Group. Apart from exploring new business opportunities, the Group will continue to stream line and restructure its existing businesses as it sees fit and necessary and to diversify its businesses with a view to maximise our shareholders returns.

# Management Discussion and Analysis

## AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed, internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months period ended 30 September 2007.

## CORPORATE GOVERNANCE

In the opinion of the Board, the Company complied with the provisions of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2007 except for Code Provision A4.2 which stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In addition, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). After having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the reporting period.

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

During the period, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Shares.

## APPRECIATION

On behalf of the Board, Mr. Zhang Xi would like to take this opportunity to extend my sincere thanks to our shareholders, members of the former board as well as the new board, fellow staff, customers, suppliers and business associates for their continuous support to the Group. We look forward to achieving better results in the coming year and generating satisfactory returns for our shareholders.

On behalf of the Board  
**BEP International Holdings Limited**  
**Zhang Xi**  
*Chairman*

Hong Kong, 3 December 2007

# Condensed Consolidated Income Statement

For the six months ended 30 September 2007

The board of directors (the “Directors”) of BEP International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007 together with the comparative figures for the corresponding period in 2006 is set out as follows:

	Notes	<b>1.4.2007 to 30.9.2007 HK\$'000 (unaudited)</b>	1.4.2006 to 30.9.2006 HK\$'000 (unaudited) (restated)
Turnover	4	<b>193,203</b>	186,566
Cost of sales		<b>(177,350)</b>	(169,994)
Gross profit		<b>15,853</b>	16,572
Other income		<b>41</b>	295
Selling and distribution costs		<b>(3,787)</b>	(4,328)
Administrative expenses		<b>(15,279)</b>	(10,625)
Finance costs	5	<b>(1,256)</b>	(1,755)
(Loss) profit for the period	6	<b>(4,428)</b>	159
Dividend	8	<b>–</b>	–
(Loss) earnings per share	9		
– Basic		<b>(1.84) cents</b>	0.07 cents
– Diluted		<b>N/A</b>	N/A

# Condensed Consolidated Balance Sheet

At 30 September 2007

	Notes	At 30.9.2007 HK\$'000 (unaudited)	At 31.3.2007 HK\$'000 (audited) (restated)
<b>Non-current assets</b>			
Property, plant and equipment	10	19,742	26,019
<b>Current assets</b>			
Inventories		64,438	54,960
Trade and other receivables	11	47,336	43,143
Bank balances and cash		5,372	9,639
		<b>117,146</b>	107,742
<b>Current liabilities</b>			
Trade and other payables	12	88,919	74,265
Bank borrowings		16,609	25,355
		<b>105,528</b>	99,620
<b>Net current assets</b>		<b>11,618</b>	8,122
<b>Total assets less current liabilities</b>		<b>31,360</b>	34,141
<b>Non-current liabilities</b>			
Deferred tax liabilities		446	446
<b>Net assets</b>		<b>30,914</b>	33,695
<b>Capital and reserves</b>			
Share capital	13	2,416	2,400
Reserves		28,498	31,295
<b>Total equity</b>		<b>30,914</b>	33,695



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits (losses) HK\$'000	Total HK\$'000
At 1 April 2006						
– as originally stated	2,400	22,524	(1,522)	1,363	10,260	35,025
– prior period adjustment (note 3)	–	–	–	–	(16,166)	(16,166)
– as restated	2,400	22,524	(1,522)	1,363	(5,906)	18,859
Exchange difference on translation of foreign operations	–	–	–	897	–	897
Profit for the period	–	–	–	–	159	159
At 30 September 2006	2,400	22,524	(1,522)	2,260	(5,747)	19,915
At 1 April 2007						
– as originally stated	2,400	22,524	(1,522)	3,551	23,743	50,696
– prior period adjustment (note 3)	–	–	–	–	(17,001)	(17,001)
– as restated	2,400	22,524	(1,522)	3,551	6,742	33,695
Exchange difference on translation of foreign operations	–	–	–	543	–	543
Loss for the period	–	–	–	–	(4,428)	(4,428)
Issue of shares upon exercise of share options	16	1,088	–	–	–	1,104
At 30 September 2007	2,416	23,612	(1,522)	4,094	2,314	30,914

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2007

	<b>1.4.2007 to 30.9.2007 HK\$'000 (unaudited)</b>	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
Net cash from operating activities	<b>9,732</b>	3,396
Net cash used in investing activities	<b>(4,037)</b>	(2,744)
Financing activities		
Net repayment of bank borrowings	<b>(8,746)</b>	(1,626)
Other financing cash flows	<b>(1,256)</b>	(1,155)
Net cash used in financing activities	<b>(10,002)</b>	(2,781)
Net decrease in cash and cash equivalents	<b>(4,307)</b>	(2,129)
Cash and cash equivalents at 1 April	<b>9,639</b>	4,610
Effect of foreign exchange rate changes	<b>40</b>	897
Cash and cash equivalents at 30 September, represented by bank balances and cash	<b>5,372</b>	3,378

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, a new standard, amendment and interpretations (“INT”s) (new “HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2007.

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current and prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards or INTs that have been issued but are not yet effective.

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

The directors of the Company anticipate that the application of these standards or INTs will have no material impact on the results and financial position of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 3. PRIOR PERIOD ADJUSTMENT

In preparation of the interim financial report for the six months ended 30 September 2007, the Directors of the Company, who were appointed on 9 October 2007, were aware that there might be several claims from a number of the Group's factory employees in the People's Republic of China ("PRC") in respect of the underpayment of overtime compensations in the previous years in accordance with the relevant labour laws in the PRC. In addition, the Directors were also aware that the Group had underpaid overtime compensations to other PRC employees in the previous years. The Board of Directors has continuously taking legal advices from the PRC lawyers and based on such advices and to the best of the Directors' knowledge and belief, such PRC employees can claim underpayment of overtime compensations from the Group within two years.

As a result, a prior period adjustment has been made in the Group's condensed consolidated financial statements to correct such error which gives rise to a decrease in accumulated profits as at 1 April 2007 of HK\$17,001,000 (as at 1 April 2006: HK\$16,166,000) and decrease in loss for the period of HK\$1,507,000 (for the six months ended 30 September 2006: decrease in profit of HK\$1,103,000).

## 4. TURNOVER AND SEGMENT INFORMATION

Turnover represents amounts received and receivable from outside customers from sales of products during the year.

In accordance with the Group's internal financial reporting, the Group has determined that geographical segments be presented as the primary reporting format. In determining the Group's geographical segments, revenue is attributed to the segments based on the destination of delivery of products.

### Geographical segments

For the six months ended 30 September 2007

	North Europe	Australia and America	New Zealand	Asia and Middle East	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnover	107,293	46,822	12,166	19,215	7,707	193,203
<b>RESULTS</b>						
Segment results	5,094	(1,347)	1,460	854	330	6,391
Interest income						39
Finance costs						(1,256)
Unallocated corporate expenses						(9,602)
Loss for the period						(4,428)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 4. TURNOVER AND SEGMENT INFORMATION (Continued)

### Geographical segments (Continued)

For the six months ended 30 September 2006

	Europe HK\$'000 (unaudited)	North America HK\$'000 (unaudited)	Australia and New Zealand HK\$'000 (unaudited)	Asia and Middle East HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Turnover	89,206	70,372	8,756	11,837	6,395	186,566

### RESULTS

Segment results	3,688	4,884	1,016	(49)	(2)	9,537
Interest income						40
Finance costs						(1,755)
Unallocated corporate expenses						(7,663)
Profit for the period						159

## 5. FINANCE COSTS

	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
Bank charges	580	600
Interest on bank borrowings wholly repayable within five years	676	1,155
	1,256	1,755

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 6. (LOSS) PROFIT FOR THE PERIOD

	<b>1.4.2007 to 30.9.2007 HK\$'000 (unaudited)</b>	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
(Loss) profit for the period has been arrived at after charging:		
Cost of inventories expensed	<b>141,377</b>	135,578
Depreciation of property, plant and equipment (note)	<b>10,353</b>	5,698
Staff cost, including directors' emoluments	<b>21,363</b>	19,145
and after crediting:		
Interest income	<b>39</b>	40

Note: During the six months ended 30 September 2007, the management reviewed the physical condition of the property, plant and equipment and reassessed their remaining useful lives, which result in an increase in depreciation of HK\$5,191,000.

## 7. TAXATION

Hong Kong Profits Tax is calculated at 17.5% (for the six months ended 30 September 2006: 17.5%) on the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the period. For the six months ended 30 September 2007, the assessable profit was wholly absorbed by tax losses brought forward.

No provision for PRC Enterprise Income Tax has been made for the period as the assessable profit of the Group is wholly absorbed by tax losses brought forward. For the six months ended 30 September 2007, the Group incurred a tax loss.

Pursuant to the Enterprise Income Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new Enterprise Income Tax rates for domestic and foreign enterprises are unified at 25% and will be effective from 1 January 2008. For the subsidiary operating in the PRC which is currently applying preferential rate, deferred tax is recognised based on the current tax rates since the implementation measures on transitional policy of preferential tax rates granted under current tax law and administrative regulations have not yet been announced.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2007 (for the six months ended 30 September 2006: nil).

## 9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the following data:

	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
(Loss) profit for the purpose of basic (loss) earnings per share	<b>(4,428)</b>	159
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>240,778,142</b>	240,000,000

No disclosure of diluted loss per share for the period is presented as the exercise of share options would decrease the loss per share for the six months ended 30 September 2007.

Diluted earnings per share has not been presented for the six months ended 30 September 2007 because the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for the six months ended 30 September 2007.

## 10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$4,076,000 (for the six months ended 30 September 2006: HK\$2,853,000) on acquisition of property, plant and equipment.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 11. TRADE AND OTHER RECEIVABLES

	At 30.9.2007 HK\$'000 (unaudited)	At 31.3.2007 HK\$'000 (audited)
Trade receivable	28,111	26,835
Bills receivable	5,328	6,742
Deposits paid	3,062	3,454
Other receivables	10,835	6,112
	<b>47,336</b>	<b>43,143</b>
The aged analysis of trade receivables is as follows:		
0 to 30 days	17,996	22,038
31 to 60 days	7,975	4,508
61 to 180 days	2,140	289
	<b>28,111</b>	<b>26,835</b>

Trade debts which were settled by letters of credit were due at sight or in accordance with the respective terms of the letters of credit normally ranging from 30 to 120 days. For other trade debts, the Group provided a credit period normally ranging from 14 to 60 days to its customers. Bills receivable were due at sight or in accordance with the respective terms of the bills normally ranging from 30 to 120 days.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 12. TRADE AND OTHER PAYABLES

	At 30.9.2007 HK\$'000 (unaudited)	At 31.3.2007 HK\$'000 (audited)
Trade payables	57,847	48,589
Bills payable	4,471	682
Trade deposits received	2,463	3,377
Other payables and accruals	24,138	21,617
	<b>88,919</b>	<b>74,265</b>
The aged analysis of trade payables is as follows:		
0 to 30 days	43,983	48,238
31 to 60 days	7,478	43
61 to 180 days	6,206	308
Over 180 days	180	–
	<b>57,847</b>	<b>48,589</b>

## 13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 April 2007 and 30 September 2007	10,000,000,000	100,000
Issued and fully paid		
At 1 April 2007	240,000,000	2,400
Issue of shares upon exercise of share options	1,600,000	16
At 30 September 2007	241,600,000	2,416

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 14. RELATED PARTY TRANSACTIONS

The following is a summary of the significant related party transactions carried out during the period:

	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
Rental paid to Super Light Manufacturing Products (Shenzhen) Company Limited	1,603	1,538
Rental paid to Manwise Investment Company Limited	270	270

### *Compensation of key management personnel*

The remuneration of directors and other members of key management during the period was as follows:

	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
Short-term benefits	2,348	2,382
Post-employment benefits	45	42
	<b>2,393</b>	<b>2,424</b>

## 15. PLEDGE OF ASSETS

During the period, the Group executed a debenture, which was essentially a pledge of all assets of the Group, in favour of a bank to secure banking facilities of the Group amounting to approximately HK\$15,000,000.

# Other Information

## DISCLOSURE OF INTERESTS OF THE COMPANY

### Directors' Interests

As at 30 September 2007, none of the directors or chief executives of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO with (i) had 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 and short positions which the directors and the chief executives were taken or deemed to have under such provisions of the SFO) or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

### Substantial Shareholders' Interests

As at 30 September 2007, the register of the substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following shareholder's interests, being 5% or more of the issued share capital of the Company:

#### *Long positions in interests in the shares of the Company*

Name of shareholder	Number of Ordinary Shares			Approximate percentage of the issued share capital of the Company
	Direct interests	Deemed interests	Total interests	
Big Jump Investments Limited ("BJIL") (Note)	172,650,000	-	172,650,000	71.46%
Mr. Zhang Xi	-	172,650,000	172,650,000	71.46%

Note: BJIL, a company incorporated in British Virgin Islands, is wholly and beneficially owned by Mr. Zhang Xi. Mr. Zhang Xi is, therefore, by virtue of the SFO, deemed to be interested in the Company's share in which BJIL is interested.

Save as disclosed above, as at 30 September 2007, so far as was known to the Directors, no person (other than a Director or chief executive of the Company) had any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the

Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or who had any options in respect of such capital.

## SHARE OPTIONS

Pursuant to the Company's share option scheme, the Company has granted options on the Company's ordinary shares in favour of certain directors, the details of which are as follows:

Name of Directors/ Employee	Date of grant	Exercisable period	Exercise price per share HK\$	Number of shares	Exercised during the period	Number of shares
				subject to outstanding options as at 1 April 2007		subject to outstanding options as at 30 September 2007
Mr. Chan Tat (Note)	13.08.2003	13.08.2003 to 02.03.2013	0.69	1,000,000	-	1,000,000
Mr. Lee Kam Hung (Note)	13.08.2003	18.08.2003 to 02.03.2013	0.69	500,000	500,000	-
Employees	13.08.2003	18.08.2003 to 02.03.2013	0.69	1,100,000	1,100,000	-

Note: Mr. Chan Tat and Mr. Lee Kam Hung both have resigned their directorship as at 29 October 2007.

These options vested immediately from the date of grant.

Save as disclosed above, as at 30 September 2007, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained 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.

## AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed, internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months period ended 30 September 2007.

# Other Information

## **CORPORATE GOVERNANCE**

In the opinion of the Board, the Company complied with the provisions of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2007 except for Code Provision A4.2 which stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In addition, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

## **EMPLOYEES AND COMPENSATION POLICY**

As at 30 September 2007, the Group employed approximately 1,730 full time staff in Hong Kong and PRC. The Group remunerates its employees based on their performance, experience and prevailing market salaries while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical cover, subsidized educational and training programmes, mandatory provident fund scheme as well as a share option scheme.

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

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code set out in Appendix 10 to the Listing Rules. After having made specific enquiry of all Directors of the Company, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

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

During the period, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's shares.