BEP International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2326)

2009 2011 2010

Interim Report

2009

2010

Contents

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 Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
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Hong Kong

COMPANY HOMEPAGE

http://www.bep.com.hk

STOCK CODE

2326

Management Discussion and Analysis

OPERATIONS REVIEW

The Board of Directors (the "Board") of BEP International Holdings Limited (the "Company") is pleased to announce that the results of the Company and its subsidiaries (collectively referred to as the "Group") have been significantly improved for the six months ended 30 September 2010. The Group reported a turnover of HK$64,349,000, which shows a remarkable increase of 8.4 times when compared with HK$6,857,000 in the previous period; and a gross profit of HK$5,680,000, also increased by 9.6 times when compared with HK$537,000 in the preceding period. The strong growth of the Group's turnover and profit margin resulted in a profit for the period of HK$1,634,000, which is in sharp contrast to the loss of HK$3,113,000 incurred in the previous period. In fact, the Group's half-yearly results have already outperformed the Group's full year results ended on 31 March 2010 which reported a turnover of HK$38,685,000 and a loss attributable to owners of the Company of HK$5,546,000. The results of the Group have been turnaround, which are primarily attributable to the revitalization of the Group's business in the sale of home electrical appliances, electronic products and related plastic injection components and the strong growth of the Group's business in the distribution and sale of electronic consumer products and the sourcing and sale of computer and related products. The profit attributable to owners of the Company for the review period amounted to HK$1,292,000 whereas a comparable loss of HK$3,145,000 was recorded in the previous period. This represented earnings per share of HK0.03 cent when compared to a loss per share of HK0.06 cent for the prior period. The finance costs for the review period of HK$1,223,000 represented the imputed interest on amount advanced from the immediate holding company, nevertheless, part of that amount of HK$1,105,000 required no cash payout but only represented a notional interest calculated in accordance with the Group's accounting policy principally by assuming market interest rate was charged by the immediate holding company for the advance made. If the effect of such notional interest was excluded from the Group's results, the Group would have reported a profit attributable to owners of the Company of HK$2,397,000 for the current period. For comparison purpose, if notional interests totaling HK$628,000 on amounts advanced from the former ultimate holding company and immediate holding company was excluded from the previous period's results, the Group would have recorded a loss of HK$2,517,000.

For the six months ended 30 September 2010, the Group's business in the sale of home electrical appliances, electronic products and related plastic injection components reported a turnover of HK$30,001,000 and an operating profit of HK$3,084,000, which has increased by 3.4 times and 4.7 times respectively when compared with HK$6,857,000 and HK$537,000 in the previous period. The half year turnover achieved by the operation was also close to the full year turnover of HK$31,783,000 reported in the preceding financial year. The significantly improved performance of the operation demonstrated the sustainability of its market competitiveness which stemmed on, on one hand, the manufacturing capability of the Group's subcontracting production plant which is able to deliver a wide range of quality plastic electrical and electronic products, and on the other hand, the Group's experienced marketing and product development teams which are able to deliver economical and highly effective production solutions to customers. In order to vertically integrate the operation of the subcontracting production plant for creating further financial synergies with the Group's existing operation, the Company has announced on 15 October 2010 to acquire the 92% equity interest in May Wilson Holding Limited which 100% beneficially owned the subcontracting production plant for a consideration of HK$6,000,000. It is expected that upon completion of the acquisition, the profitability as well as the manufacturing capability of the operation will be substantially enhanced, as the profit margin now earning by the subcontracting production plant will be captured and included in the Group's results, and the benefits created through economies of scale; streamlining of operation processes and a more efficient supply chain management will also be vested in the Group.

Management Discussion and Analysis

The development of the Group's business in the distribution and sale of electronic consumer products which just commenced in January 2010 is very encouraging. For the review period, the operation reported a turnover of HK$19,315,000 and an operating profit of HK$1,134,000. These results far exceeded the three months results included in the preceding financial year which posted a turnover of HK$4,247,000 and an operating profit of HK$213,000. The very successful results achieved were primarily attributed to the tremendous sales efforts contributed and responsive after-sale services provided by the operation's marketing team. As an approved distributor and an authorized sales agent for two premium Japanese brand imaging products in the People's Republic of China (the "PRC"), the operation presently focuses on the distribution sales of digital cameras, lenses and video cameras to retailers in the southern and eastern region in the PRC. The Board is very optimistic about the consumer spending market in the PRC and has plans to devote more resources for developing its business targeting the PRC mass consumption market. Having realized that the consumers in the PRC are becoming more health conscious as a result of the general rise of household income, the Group is planning to launch a series of health care electrical home appliances in order to tap into the PRC health care market which has enormous business potential. In November 2010, by cooperating with a well-known retail chain stores group in the PRC, the Group has launched its own brand name water electrolysis machines, being the first item launched for sale under the health care electrical home appliances series, in their retail stores in Shenzhen City. It is expected that the general income level of the PRC population will continue to rise in the coming years, and it is the Group's business plan to continue seizing business opportunities targeting the PRC domestic consumption market which carries huge business potential.

The Group's business in the sourcing and sale of computers and related products which commenced in January 2010 also achieved very encouraging results. The operation posted a turnover of HK$15,033,000 and an operating profit of HK$1,221,000 for the review period, which shows a strong growth from the three months results included in the last financial year reporting a turnover of HK$2,655,000 and an operating profit of HK$207,000. The operation is currently focusing on the sale of netbook and notebook computers and related accessories to buyers in the Asian markets for reasons that the Group's products are very price competitive in these markets. The operation will continue to focus on these markets and has been devoting resources to enhance its marketing and product development capability in order to enlarge its customer base as well as its product range. The operation is also promoting sale of portable computers under its own brand name as part of its business plan.

On 30 July 2010, as part of the Group's corporate reorganization plan, the Group disposed of several subsidiaries, the financial results of which have been deconsolidated from the Group's consolidated financial statements, for a nominal consideration of HK$1. Details of the disposal are stated in the Company's announcement dated 30 July 2010.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 30 September 2010, the Group had current assets of HK$37,802,000 (31 March 2010: HK$26,715,000) comprising bank balances of HK$8,351,000 (31 March 2010: HK$6,102,000). The Group's current ratio, calculated based on current assets of HK$37,802,000 over current liabilities of HK$24,344,000, was at a strong ratio of 1.55 (31 March 2010: 1.45). The improvement in the Group's current ratio was mainly a result of the additional funding provided by the Company's immediate holding company and profit generated by the Group's operation during the review period.

Management Discussion and Analysis

As at 30 September 2010, the Group's gearing ratio, calculated on the basis of total liabilities of HK$24,464,000 (excluding amount due to immediate holding company) (31 March 2010: HK$18,539,000, excluding amount due to immediate holding company) divided by total assets of HK$39,535,000 (31 March 2010: HK$28,089,000) was at a moderate ratio of 0.62 (31 March 2010: 0.66). At the interim period end date, the total carrying amount of advances made by the immediate holding company, Long Channel Investments Limited ("Long Channel"), to the Group amounted to HK$34,062,000 (principal amount of HK$36,803,000). Out of the total advances, an advance of the carrying amount of HK$11,008,000 (principal amount of HK$12,170,000) due to Long Channel is interest free, with the remaining balance being interest bearing at 1% per annum. The amount due is unsecured and is repayable to Long Channel in April 2012, if the Group is financially able to do so.

During the review period, the Group continued to implement a prudent financial management policy. In addition to internally generated cash flows, the Group also has support from its controlling shareholder to provide funding in meeting operational needs. The Board expects that the growth of the Group's businesses will further improve the liquidity and financial position of the Group in the coming years.

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 US 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 no hedging measure has been undertaken by the Group.

Capital Commitment

As at 30 September 2010, the Group had capital commitment of HK$234,000 (31 March 2010: HK$310,000) in respect of the acquisition of a mould.

Contingent Liabilities

As at 30 September 2010, the Group had no material contingent liabilities.

PROSPECTS

For the six months ended 30 September 2010, very encouraging results have been achieved by the Group which are mainly attributed to the management's efforts in successfully expanding the businesses of the Group through securing a larger customer base, offering a wider range of products and firmly establishing its competitive position in target markets. The Group's businesses are now growing in a healthy pace and have developed into a well balanced and competitive business mix. The Group will continue to devote more resources to further enhance its marketing and product development capability with the view to offer the best quality products at competitive pricings to more customers. In light of the encouraging results achieved for the first six months, the Board is optimistic about the Group's results for the remainder of the financial year. Looking forward, the Group's management will continue to work towards creating long term value to shareholders and achieving better financial results for the Group in the years ahead.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2010, the Group had a total of 30 employees and directors. For the review period, staff costs including directors' emoluments amounted to HK$1,253,000 (30 September 2009: HK$1,177,000). Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include mandatory provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

DISPOSAL OF SUBSIDIARIES

On 30 July 2010, the Company disposed of its entire equity interest in Better Electrical Products Company Limited ("BEPCL") to a company beneficially owned by the controlling shareholder of the Company. The principal assets of BEPCL are its direct and indirect holding of the entire equity interest in Bailingda Industrial (Shenzhen) Company Limited, Better Electrical Products (HK) Company Limited and BEP Corporate Management Limited. The consideration for the disposal was at a nominal amount of HK$1.00 which was determined with reference to the unaudited net liabilities of BEPCL which was adjusted to zero at the time of disposal. Reasons and details of the disposal are stated in the Company's announcement dated 30 July 2010.

MATERIAL ACQUISITION

On 14 October 2010, the Company entered into a sale and purchase agreement with vendors of May Wilson Holding Limited ("MWH") to acquire their 92% equity interest in MWH for a consideration of HK$6,000,000. The transaction constitutes a very substantial acquisition of the Company and is subject to shareholders' approval. The completion of the acquisition is further subject to the Company having obtained the approval by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in principle for the resumption of trading in the Company's shares on the Stock Exchange.

The Directors are of the view that the acquisition is in line with the business strategy of the Group and serves the purpose of enhancing the manufacturing operation as well as the production capability of the Group. The Directors are also of the view that the revenue and cash flow generated from the operation of MWH and its subsidiaries will contribute positively to the Group's results and are optimistic about their future performance. Details of the acquisition are stated in the Company's announcement dated 15 October 2010.

Independent Review Report on Interim Financial Information

Deloitte.
德勤

TO THE SHAREHOLDERS OF BEP INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 9 to 27, which comprises the condensed consolidated statement of financial position of BEP International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

Except as explained in the "Basis for disclaimer of conclusion" paragraphs, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report on Interim Financial Information

BASIS FOR DISCLAIMER OF CONCLUSION

As set out in note 1(b), notwithstanding that the Group held 100% equity interests in Bailingda Industrial (Shenzhen) Company Limited ("BEP (China)") for the period from 26 October 2008 to 30 July 2010, the directors of the Company deconsolidated BEP (China) since 26 October 2008 as they considered 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 the Baoan People's Court on 26 October 2008. 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 BEP (China) from 26 October 2008 to 30 July 2010. This caused us to disclaim our audit opinion on the financial statements in respect of the year ended 31 March 2010 and disclaim our review conclusion on the interim financial information for the six months ended 30 September 2009.

As explained in note 1(b), on 30 July 2010, the directors of the Company resolved to dispose of the entire equity interests in the holding company of BEP (China), Better Electrical Products Company Limited which was a wholly owned subsidiary of the Company, to a company wholly owned by a director of the Company for a consideration of HK$1 and recorded a gain on disposal of HK$1. However, as a result of the circumstances described above, we were unable to satisfy ourselves as to whether the gain on disposal, as well as the related disclosures set out in the notes to the interim financial information are free from material misstatement.

Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the state of the Group's affairs as at 31 March 2010 and on its profit or loss for the six months ended 30 September 2010 and 30 September 2009.

DISCLAIMER OF CONCLUSION

Because of the significance of the matters described in the above paragraphs, we are unable to and do not express any conclusion as to whether the condensed consolidated financial information for the six months ended 30 September 2010 is prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 November 2010

Condensed Consolidated Income Statement

For the six months ended 30 September 2010

	Notes	Six months ended 30.9.2010 HK$'000 (unaudited)	30.9.2009 HK$'000 (unaudited)
Turnover	3	**64,349**	6,857
Cost of sales		**(58,669)**	(6,320)
Gross profit		**5,680**	537
Other income		**752**	85
Selling and distribution costs		**(241)**	–
Administrative expenses		**(3,073)**	(5,027)
Gain on winding up of a subsidiary	14	**–**	2,142
Finance costs	4	**(1,223)**	(850)
Profit (loss) before taxation	5	**1,895**	(3,113)
Taxation	6	**(261)**	–
Profit (loss) for the period		**1,634**	(3,113)
Attributable to:			
Owners of the Company		**1,292**	(3,145)
Non-controlling interests		**342**	32
		1,634	(3,113)
Earnings (loss) per share – Basic	8	**0.03 cent**	(0.06) cent

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2010

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit (loss) for the period	**1,634**	(3,113)
Other comprehensive income for the period:		
Exchange differences arising on translation of foreign operations	**71**	–
Total comprehensive income (expenses) for the period	**1,705**	(3,113)
Attributable to:		
Owners of the Company	**1,363**	(3,145)
Non-controlling interests	**342**	32
	1,705	(3,113)

Condensed Consolidated Statement of Financial Position

At 30 September 2010

	Notes	At 30.9.2010 HK$'000 (unaudited)	At 31.3.2010 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	9	**1,499**	1,064
Deposit paid for property, plant and equipment		**234**	310
		1,733	1,374
Current assets			
Inventories		**170**	439
Trade and other receivables	10	**29,281**	20,174
Bank balances and cash		**8,351**	6,102
		37,802	26,715
Current liabilities			
Trade and other payables	11	**24,165**	18,388
Tax payable		**179**	31
		24,344	18,419
Net current assets		**13,458**	8,296
Total assets less current liabilities		**15,191**	9,670
Non-current liabilities			
Amount due to immediate holding company	12	**34,062**	32,208
Deferred tax liabilities		**120**	120
		34,182	32,328
Net liabilities		**(18,991)**	(22,658)
Capital and reserves			
Share capital	13	**2,426**	2,426
Reserves		**(21,780)**	(25,105)
Capital deficiency attributable to owners of the Company		**(19,354)**	(22,679)
Non-controlling interests		**363**	21
Deficiency of shareholders' equity		**(18,991)**	(22,658)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 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$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2009 (audited)	2,426	24,292	(1,522)	1,341	–	(48,552)	(22,015)	–	(22,015)
Loss and total comprehensive expenses for the period	–	–	–	–	–	(3,145)	(3,145)	32	(3,113)
Waiver of amount due to former ultimate holding company	–	–	–	1,240	–	–	1,240	–	1,240
Fair value adjustment on amount due to immediate holding company at initial recognition	–	–	–	1,637	–	–	1,637	–	1,637
	–	–	–	2,877	–	–	2,877	–	2,877
At 30 September 2009 (unaudited)	2,426	24,292	(1,522)	4,218	–	(51,697)	(22,283)	32	(22,251)
At 1 April 2010 (audited)	2,426	24,292	(1,522)	6,211	12	(54,098)	(22,679)	21	(22,658)
Exchange difference arising on translation of foreign operations	–	–	–	–	71	–	71	–	71
Profit for the period	–	–	–	–	–	1,292	1,292	342	1,634
Total comprehensive income for the period	–	–	–	–	71	1,292	1,363	342	1,705
Fair value adjustment on amount due to immediate holding company at initial recognition	–	–	–	126	–	–	126	–	126
Deemed capital contribution from immediate holding company on the date of extension of repayment	–	–	–	1,836	–	–	1,836	–	1,836
	–	–	–	1,962	–	–	1,962	–	1,962
At 30 September 2010 (unaudited)	2,426	24,292	(1,522)	8,173	83	(52,806)	(19,354)	363	(18,991)

Notes:

1. On 6 January 2003, the Company became the holding company of the companies 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. The merger reserve of the Group represented the difference between the nominal value of the shares of a former subsidiary of the Company 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 former ultimate holding company and immediate holding company at initial recognition, deemed capital contribution from immediate holding company on the date of extension of repayment and waiver of amount due to former ultimate holding company.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2010

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash from (used in) operating activities	**323**	(6,686)
Investing activities		
Interest received	**1**	–
Deposit paid for property, plant and equipment	**(234)**	(318)
Purchase of property, plant and equipment	**(329)**	(9)
Proceeds from disposal of property, plant and equipment	**–**	4
Net cash used in investing activities	**(562)**	(323)
Financing activities		
Advance from immediate holding company	**2,500**	11,348
Advance from former ultimate holding company	**–**	1,240
Finance cost paid	**–**	(11)
Repayment of finance lease	**–**	(63)
Net cash from financing activities	**2,500**	12,514
Net increase in cash and cash equivalents	**2,261**	5,505
Cash and cash equivalents at 1 April	**6,102**	167
Effect of foreign exchange rate changes	**(12)**	–
Cash and cash equivalents at 30 September,		
Represented by bank balances and cash	**8,351**	5,672

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

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 (the "Listing Rules") on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

(a) Going concern basis

In preparing the condensed 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's total liabilities exceeded its total assets by HK$18,991,000 on 30 September 2010. The directors of the Company have taken the following actions to improve the liquidity position of the Group:

(i) Long Channel, the immediate holding company of the Company, has confirmed to the Company that Long Channel would provide the Group with full financial support for the continual business operation of the Group and would not demand repayment of its loans with a principal amount of HK$36,803,000 unless the Group is financially able to do so. On 30 September 2010, the Company has unutilised loan facility granted by Long Channel with a principal amount of HK$25,000,000 to finance the Group's operations. Such loan facility is unsecured, interest bearing at 1% per annum and repayable on 30 November 2011 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 continue the existing business of the Group.

(ii) The Group currently maintains a business mix comprising three operating segments and has demonstrated a growth in sales for all these segments for the six months ended 30 September 2010. 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 condensed 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 acquisition of subsidiaries (see note 17). 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

1. BASIS OF PREPARATION (CONTINUED)

(b) Subsidiaries deconsolidated

Notwithstanding that the Group holds 100% equity interests in Bailingda Industrial (Shenzhen) Company Limited ("BEP (China)") during 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 control of these companies had been lost during the years.

(i) 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.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

1. BASIS OF PREPARATION (CONTINUED)

(b) Subsidiaries deconsolidated (Continued)

(i) BEP (China) (Continued)

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 had not been updated by the Baoan People's Court for the future usage of the residual amount. The directors of the Company were of the view that the Group has no control over BEP (China) as from 26 October 2008.

On 30 July 2010, the directors of the Company resolved to dispose of the entire equity interests in the holding company of BEP (China), Better Electrical Products Company Limited, to a company wholly owned by a director of the Company for a consideration of HK$1. During the six months ended 30 September 2010, the Group recorded a gain on disposal of subsidiaries of HK$1.

(ii) 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 its business 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 condensed consolidated financial statements of the Group up to 22 September 2009. The condensed consolidated income statement presented a gain on winding up of HK$2,142,000.

1. BASIS OF PREPARATION (CONTINUED)

(b) Subsidiaries deconsolidated (Continued)

(ii) BEPMS (Continued)

Creditors' meetings for BEPMS had been held to consider the statement of affairs. As at the date of approval of condensed consolidated financial statements, the winding up of BEPMS is still in progress.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for advances granted by immediate holding company which was adjusted to fair value at initial recognition.

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 2010.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA. Except as described below, the adoption of these new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 3 (Revised 2008) "Business Combinations" and HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements"

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods. Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 24 (Revised)	Related party disclosures[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[2]
HKFRS 7 (Amendment)	Disclosures – Transfer of financial assets[4]
HKFRS 9	Financial instruments[5]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirements[3]
HK(IFRIC) – INT 19	Extinguishing of financial liabilities with equity instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2010, as appropriate.

[2] Effective for annual periods beginning on or after 1 July 2010.

[3] Effective for annual periods beginning on or after 1 January 2011.

[4] Effective for annual periods beginning on or after 1 July 2011.

[5] Effective for annual periods beginning on or after 1 January 2013.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker, chief executive officer, for the purpose of resources allocation and performance assessment are as follows:

1. Sale of home electrical appliances, electronic products and related plastic injection components;
2. Distribution and sale of electronic consumer products, commenced in January 2010; and
3. Sourcing and sale of computer and related products, commenced in January 2010.

Information regarding the above segments is reported below.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

3. 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 period under review:

Six months ended 30 September 2010

	Sale of home electrical appliances, electronic products and related plastic injection components *HK$'000* (unaudited)	Distribution and sale of electronic consumer products *HK$'000* (unaudited)	Sourcing and sale of computer and related products *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
Revenue	30,001	19,315	15,033	64,349
Result				
Segment profit	3,084	1,134	1,221	5,439
Unallocated income				752
Unallocated expenses				(4,296)
Profit before taxation				1,895

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Six months ended 30 September 2009

	Sale of home electrical appliances, electronic products and related plastic injection components *HK$'000* (unaudited)
Revenue	6,857
Result	
Segment profit	537
Unallocated income	2,227
Unallocated expenses	(5,877)
Loss before taxation	(3,113)

Note: The accounting policies of operating segments are the same as the Group's accounting policies. Segment revenue and segment profit is based on turnover from external customers and gross profit less selling and distribution costs of each segment.

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

	At 30.9.2010 ***HK$'000*** **(unaudited)**	At 31.3.2010 *HK$'000* (audited)
Sale of home electrical appliances, electronic products and related plastic injection components	**19,493**	13,140
Distribution and sale of electronic consumer products	**3,507**	3,407
Sourcing and sale of computer and related products	**4,136**	1,872
Total segment assets	**27,136**	18,419

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

4. FINANCE COSTS

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank charges	**–**	11
Interest on other borrowings wholly repayable within five years	**–**	49
Imputed interest on amount due to former ultimate holding company and immediate holding company	**1,223**	790
	1,223	850

5. PROFIT (LOSS) BEFORE TAXATION

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit (loss) before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**204**	57
Loss on disposal of property, plant and equipment	**–**	15
Staff costs, including directors' emoluments	**1,253**	1,177
Interest income	**(1)**	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

6. TAXATION

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprised:		
PRC Enterprise Income Tax	**261**	–

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2009: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the assessable profit is wholly absorbed by tax loss brought forward (six months ended 30 September 2009: the companies operating in Hong Kong had no assessable profits for that period).

PRC Enterprise Income Tax is calculated at 25% (six months ended 30 September 2009: 25%) of assessable profits of the period. No provision for PRC Enterprise Income Tax had been made as the subsidiary operating in the PRC incurred tax losses for the six months ended 30 September 2009.

7. DIVIDEND

No dividends were paid, declared or proposed during the reporting period. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2010 (six months ended 30 September 2009: nil).

8. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the profit for the period attributable to owners of the Company of HK$1,292,000 (six months ended 30 September 2009: loss for the period of HK$3,145,000) and on the weighted average of 4,852,000,000 ordinary shares (six months ended 30 September 2009: 4,852,000,000) in issue during the period.

No diluted earnings (loss) per share has been presented because there are no outstanding dilutive potential ordinary shares as at 30 September 2010 and 2009.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$329,000 (six months ended 30 September 2009: HK$9,000) on acquisition of property, plant and equipment. During the period ended 30 September 2009, the Group disposed property, plant and equipment with carrying value of approximately HK$19,000 (six months ended 30 September 2010: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

10. TRADE AND OTHER RECEIVABLES

	At 30.9.2010 *HK$'000* (unaudited)	At 31.3.2010 *HK$'000* (audited)
Trade debtors	**26,966**	17,252
Trade deposits paid	**–**	728
Sundry debtors and prepayments	**2,315**	2,194
	29,281	20,174

The Group provided a credit period normally ranging from 30 to 150 days to its customers. The following is an aged analysis of trade debtors presented based on the invoice date at the end of the reporting period.

	At 30.9.2010 *HK$'000* (unaudited)	At 31.3.2010 *HK$'000* (audited)
0 to 60 days	**12,171**	11,622
61 to 120 days	**9,654**	4,745
121 to 180 days	**4,255**	885
Over 180 days	**886**	–
	26,966	17,252

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

11. TRADE AND OTHER PAYABLES

	At 30.9.2010 HK$'000 (unaudited)	At 31.3.2010 HK$'000 (audited)
Trade creditors	21,957	13,284
Trade deposits received	–	2,057
Other payables and accruals	2,208	3,047
	24,165	18,388

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

	At 30.9.2010 HK$'000 (unaudited)	At 31.3.2010 HK$'000 (audited)
0 to 60 days	7,409	13,284
61 – 120 days	12,050	–
121 – 180 days	2,498	–
	21,957	13,284

12. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

During the six months ended 30 September 2009, an advance from Big Jump Investments Limited ("Big Jump"), former ultimate holding company of the Company, amounted to HK$1,240,000 was granted and waived. The waiver of amount due to Big Jump was recognised as deemed capital contribution in equity.

At 31 March 2010, the outstanding balances due to Long Channel 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.

During the six months ended 30 September 2010, the Company has drawn down under a loan facility granted by Long Channel for a sum of HK$2,500,000 (six months ended 30 September 2009: HK$11,348,000). The loan facility is unsecured, interesting bearing at a fixed rate of 1% per annum and repayable on 1 April 2011 or any other date as agreed by Long Channel and the Company in writing.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

12. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY (CONTINUED)

The fair value of the amount drawdown of HK$2,500,000 (30 September 2009: HK$11,348,000) at initial recognition, amounting to HK$2,374,000 (30 September 2009: HK$9,711,000), was determined based on the present value of the estimated future cash flows discounted using an interest rate of 7.0% (30 September 2009: 7.1%), which was similar to the latest effective interest rate of bank borrowings. The difference of approximately HK$126,000 (six months ended 30 September 2009: HK$1,637,000) 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 in equity.

On 30 September 2010, Long Channel agreed with the Group to extend the repayment dates of the entire outstanding balances to 1 April 2012. 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$1,836,000 (30 September 2009: nil) between their present value and carrying amount on the dates of extension was recognised as a deemed capital contribution from immediate holding company.

At 30 September 2010, the outstanding balances are unsecured and repayable on 1 April 2012. Except for the advance with carrying amount of HK$11,008,000 (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.

13. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.0005 each		
Authorised		
At 1 April 2010 and 30 September 2010	200,000,000,000	100,000
Issued and fully paid		
At 1 April 2010 and 30 September 2010	4,852,000,000	2,426

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

14. WINDING UP OF A SUBSIDIARY

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Details of net assets of subsidiary wound up are set out below:		
Other receivables	**–**	1
Amount due from a group company	**–**	133
Other payables	**–**	(54)
Amount due to a former group company under liquidation	**–**	(2,222)
	–	(2,142)
Gain on winding up of a subsidiary	**–**	2,142
	–	–

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2010, the Group paid rental expense, management fee and air-conditioning charge at a total amount of HK$240,000 to a related company which was beneficially owned by a director of the Company (six months ended 30 September 2009: nil).

Compensation of key management personnel

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

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Short-term employee benefits	**321**	240
Post-employment benefits	**9**	17
	330	257

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

16. CAPITAL COMMITMENTS

	At 30.9.2010 *HK$'000* **(unaudited)**	At 31.3.2010 *HK$'000* (audited)
Capital commitments in respect of acquisition of property, plant and equipment are as follows:		
Contracted but not provided for	**234**	310

17. EVENT AFTER THE REPORTING PERIOD

On 14 October 2010, the Group entered into a sale and purchase agreement with the vendors to acquire 92% of the issued share capital of May Wilson Holding Limited ("the acquisition") for a cash consideration of HK$6,000,000. The completion of the acquisition is subject to the fulfilment of certain conditions announced on 15 October 2010. Up to the date of approval of the condensed consolidated financial statements, those conditions are not yet fulfilled.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2010 (for the six months ended 30 September 2009: nil).

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

As at 30 September 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 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 to 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:

Long positions in the shares of the Company

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

Note:

These shares were beneficially owned by 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.

Save as disclosed above, as at 30 September 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.

Other Information

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, including any executive directors of the Company and its subsidiaries, 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.

During the six months ended 30 September 2010, no share options were granted or exercised and that no share options were outstanding as at 1 April 2010 and 30 September 2010.

Further details of the Scheme are as disclosed in the Company's 2010 Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the six months ended 30 September 2010 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 acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their spouse or minor children, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 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 shares of the Company

Name of shareholder	Capacity	Number of issued 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 has not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 September 2010 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

The Board had adopted the principles and complied with all the applicable 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 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry with all the directors of the Company, all of them confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 September 2010.

UPDATE ON DIRECTORS' INFORMATION

Mr. To Yan Ming, Edmond, Independent Non-executive Director of the Company, resigned as an independent non-executive director of Aptus Holdings Limited (stock code: 8212), a company listed on the Stock Exchange, on 26 October 2010.

Mr. Siu Hi Lam, Alick, Independent Non-executive Director of the Company, has been appointed as an independent non-executive director of China Investment Fund Company Limited (stock code: 612), a company listed on the Stock Exchange, on 1 November 2010.

Other Information

AUDIT COMMITTEE

At 30 September 2010, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. To Yan Ming, Edmond (Chairman), Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick. The principal duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal controls. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2010.

REMUNERATION COMMITTEE

At 30 September 2010, the Remuneration Committee comprises one Executive Director, Mr. Sue Ka Lok (Chairman) and three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond. The principal duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management, to review and 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

LISTING STATUS

The shares of the Company have been suspended for trading since 20 October 2008. As referred to in the announcement of the Stock Exchange on 9 June 2010, the Company has been placed in the third delisting stage. The Company submitted a revised resumption proposal to the Stock Exchange on 24 November 2010 and shareholders will be informed of the progress as and when appropriate.

On Behalf of the Board

Sue Ka Lok
Chief Executive Officer

Hong Kong, 29 November 2010