INTERIM REPORT 2012

BEP International Holdings Limited

百 靈 達 國 際 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2326)

*For identification purpose only

Contents

Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	BEP International Holdings Limited
"Directors"	the directors of the Company from time to time
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "cents"	Hong Kong dollars and cents
"%"	per cent.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Suen Cho Hung, Paul *(Chairman)*
Mr. Sue Ka Lok *(Chief Executive Officer)*
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. Siu Hi Lam, Alick *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. To Yan Ming, Edmond
Mr. Sue Ka Lok

NOMINATION COMMITTEE

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

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
Bank of Communications Co., Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation 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
28 Queen's Road East
Hong Kong

COMPANY HOMEPAGE

http://www.bepgroup.com.hk
http://www.tricor.com.hk/webservice/02326

STOCK CODE

2326

Management Discussion and Analysis

OPERATIONS REVIEW

The Board is pleased to report that the Group, as a whole, continued to perform well for the six months ended 30 September 2012. The Group posted a turnover and gross profit of HK$116,722,000 (30 September 2011: HK$107,044,000) and HK$12,176,000 (30 September 2011: HK$11,186,000) respectively, both showing an increase of 9% over the previous period, which mainly resulted from the encouraging business progress achieved by the Group's sourcing and sale of computer and related products business segment. The increases in the Group's turnover and gross profit also led to the increase of the Group's net profit. For the period under review, the Group posted a profit amounting to HK$7,282,000 (30 September 2011: HK$5,137,000), representing an increase of 42% over the last period, and profit attributable to owners of the Company of HK$6,815,000 (30 September 2011: HK$4,468,000), which also increased by 53% compared to the previous period. The Company's earnings per share for the period were HK0.37 cent, compared to HK0.32 cent (restated) in the previous period.

During the review period, the Group's sourcing and sale of computers and related products operation continued to deliver encouraging results. The operation posted revenue of HK$71,649,000 (30 September 2011: HK$32,241,000) and segment profit of HK$9,021,000 (30 September 2011: HK$3,691,000), representing respective increase of 122% and 144% over the previous period, which mainly attributed to the sales efforts put in by management in expanding the operation's customer portfolio and broadening its product range. During the review period, computer distributors in Southeast Asian countries continued to be key customers of the operation as the Group's products remained price competitive in these markets. Major products sold by the operation included netbook and notebook computers, their related products, and the newly launched tablet computers which are well received by the market.

In contrast, the Group's distribution and sale of electronic consumer products operation, which mainly focused on distributing premium Japanese brand imaging products, including digital cameras, lenses and video cameras in the Mainland, was to a certain extent adversely affected by the "China-Japan Diaoyu Islands Dispute". Sales of the operation decreased considerably in September 2012 as there were wide spread calls for boycotting Japanese goods, and for the six months period ended 30 September 2012, the operation reported revenue and segment profit of HK$23,224,000 (30 September 2011: HK$27,362,000) and HK$1,423,000 (30 September 2011: HK$1,533,000) respectively, declined by 15% and 7% compared to the last period. There are signs that the impact of boycotting Japanese goods will continue in the Mainland and may further adversely affect the performance of the operation for the remainder of the financial year.

Management Discussion and Analysis

The Group's sale of home electrical appliances, electronic products and related plastic injection components operation recorded declines in revenue and segment profit for the review period that were mainly due to the lowered demand from the Europe and US based buyers and local customers. For the six months ended 30 September 2012, the operation's revenue and segment profit were down to HK$21,849,000 (30 September 2011: HK$47,441,000) and HK$867,000 (30 September 2011: HK$5,326,000) respectively, representing decreases of 54% and 84% from the previous period. It was mainly the sluggish economic conditions in Europe and the slow economic recovery in the US that caused drop in orders and profit margins from buyers based in these regions. The slowdown of economic growth in the Mainland also led to decrease in demand from local customers. In April 2012, the Group completed the acquisition of a production plant which had been a subcontractor of the operation before the acquisition. Details of the transaction were stated in the Company's circular dated 29 November 2010. The increase in manufacturing costs of the production plant caused by the rise of mandated minimum wage and surge in raw material prices also led to the decline of the operation's segment profit.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

In May 2012, following approval by shareholders of the Company, a loan in the sum of approximately HK$37,614,000 (including accrued interests) due to the Company's immediate holding company was capitalised through issuing 195,907,214 new shares of the Company at the issue price of HK$0.192 per share. In addition, in May 2012, the Company completed an open offer of new shares and raised gross proceeds of HK$116,448,000 by issuing 606,500,000 new shares also at the issue price of HK$0.192 per share. The two exercises have substantially strengthened the Group's financial and liquidity position and caused the Group to turn from a net liabilities to net assets position. Details of the two exercises were stated in the Company's circular dated 22 March 2012 and prospectus dated 24 April 2012.

At 30 September 2012, the Group was in net assets position of HK$156,556,000 (31 March 2012: net liabilities of HK$2,882,000) and had current assets of HK$198,365,000 (31 March 2012: HK$99,191,000) comprising bank balances of HK$105,773,000 (31 March 2012: HK$13,677,000). The significant increases in the Group's current assets and bank balances were mainly due to the completion of open offer as referred above. The Group's current ratio, calculated based on current assets of HK$198,365,000 (31 March 2012: HK$99,191,000) over current liabilities of HK$45,599,000 (31 March 2012: HK$65,826,000, excluding amount due to immediate holding company) was at a strong ratio of 4.35 (31 March 2012: 1.51).

At 30 September 2012, the Group's gearing ratio, calculated on the basis of total liabilities of HK$45,676,000 (31 March 2012: HK$65,903,000, excluding amount due to immediate holding company) divided by total assets of HK$202,232,000 (31 March 2012: HK$100,836,000) was at a low ratio of 0.23 (31 March 2012: 0.65).

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement.

Management Discussion and Analysis

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 minimised 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

At 30 September 2012, the Group had no material capital commitment (31 March 2012: nil).

Contingent Liabilities

At 30 September 2012, the Group had no material contingent liabilities (31 March 2012: nil).

EMPLOYEES AND REMUNERATION POLICY

At 30 September 2012, the Group had a total of about 170 employees and directors (30 September 2011: 33). Total staff costs for the period, including directors' remuneration, was HK$4,961,000 (30 September 2011: HK$1,703,000). The increases in headcount and staff costs were results of the completion of acquisition of a production plant in Mainland in April 2012. Details of the transaction were stated in the Company's circular dated 29 November 2010. 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 provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

PROSPECTS

The financial position of the Company, after having completed the open offer and the capitalisation of loan from its immediate holding company in May 2012, has been substantially strengthened and restored to a net assets position. The new capital raised from the open offer has also vested with the Group additional financial resources to develop its existing businesses and to capture attractive investment opportunities when they arise. Nevertheless, the slowdown of GDP growth of the Mainland economy, the slow recovery of the US economy, the sluggish economic conditions in Europe owing to its sovereign debt crises and the China-Japan Diaoyu Islands Dispute have all posed negative impacts to the Group's performance and hinder the development and growth of the Group. Against this backdrop, the management has adopted a cautious and prudent approach in managing the businesses of the Group and in evaluating new investment opportunities to ensure a stable prospect to shareholders.

Condensed Consolidated Income Statement

For the six months ended 30 September 2012

		Six months ended 30 September	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	3	**116,722**	107,044
Cost of sales		**(104,546)**	(95,858)
Gross profit		**12,176**	11,186
Other income		**1,482**	538
Selling and distribution costs		**(865)**	(636)
Administrative expenses		**(4,543)**	(3,712)
Finance costs	4	**(37)**	(1,206)
Profit before taxation	5	**8,213**	6,170
Taxation	6	**(931)**	(1,033)
Profit for the period		**7,282**	5,137
Attributable to:			
Owners of the Company		**6,815**	4,468
Non-controlling interests		**467**	669
		7,282	5,137
		HK cent	*HK cent*
			(restated)
Earnings per share – basic	8	**0.37**	0.32

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**7,282**	5,137
Other comprehensive (expense) income for the period:		
Exchange difference arising on translation of foreign operations	**(125)**	249
Total comprehensive income for the period	**7,157**	5,386
Attributable to:		
Owners of the Company	**6,691**	4,717
Non-controlling interests	**466**	669
	7,157	5,386

Condensed Consolidated Statement of Financial Position

At 30 September 2012

	Notes	At 30 September 2012 HK$'000 (unaudited)	At 31 March 2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	9	**2,715**	1,145
Goodwill	10	**819**	–
Rental deposit	11	**333**	–
Deposits paid for acquisition of subsidiaries		**–**	500
		3,867	1,645
Current assets			
Inventories		**5,352**	399
Trade and other receivables	11	**87,240**	85,115
Bank balances and cash		**105,773**	13,677
		198,365	99,191
Current liabilities			
Trade and other payables	12	**42,167**	63,138
Amount due to immediate holding company	13	**–**	37,815
Tax payable		**3,432**	2,688
		45,599	103,641
Net current assets (liabilities)		**152,766**	(4,450)
Total assets less current liabilities		**156,633**	(2,805)
Non-current liabilities			
Deferred tax liabilities		**77**	77
Net assets (liabilities)		**156,556**	(2,882)
Capital and reserves			
Share capital	14	**4,031**	2,426
Reserves		**150,439**	(6,478)
Balance (deficiency) of equity attributable to owners of the Company		**154,470**	(4,052)
Non-controlling interests		**2,086**	1,170
Balance (deficiency) of equity		**156,556**	(2,882)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	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 2011 (audited)	2,426	24,292	(1,522)	8,173	244	(48,265)	(14,652)	415	(14,237)
Exchange difference arising on translation of foreign operations	–	–	–	–	249	–	249	–	249
Profit for the period	–	–	–	–	–	4,468	4,468	669	5,137
Total comprehensive income for the period	–	–	–	–	249	4,468	4,717	669	5,386
At 30 September 2011 (unaudited)	2,426	24,292	(1,522)	8,173	493	(43,797)	(9,935)	1,084	(8,851)
At 1 April 2012 (audited)	2,426	24,292	(1,522)	8,173	543	(37,964)	(4,052)	1,170	(2,882)
Exchange difference arising on translation of foreign operations	–	–	–	–	(124)	–	(124)	(1)	(125)
Profit for the period	–	–	–	–	–	6,815	6,815	467	7,282
Total comprehensive (expense) income for the period	–	–	–	–	(124)	6,815	6,691	466	7,157
Shares issued upon open offer	1,213	115,235	–	–	–	–	116,448	–	116,448
Expenses in relation to open offer	–	(2,231)	–	–	–	–	(2,231)	–	(2,231)
Shares issued upon loan capitalisation	392	37,222	–	–	–	–	37,614	–	37,614
Acquisition of subsidiaries *(Note 15)*	–	–	–	–	–	–	–	450	450
At 30 September 2012 (unaudited)	4,031	174,518	(1,522)	8,173	419	(31,149)	154,470	2,086	156,556

Notes:

1. On 6 January 2003, the Company became the holding company of the companies then 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 represents the difference between the nominal value of the shares of a former subsidiary of the Company acquired pursuant to the Group Reorganisation and 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 2012

	Note	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Net cash used in operating activities		**(6,653)**	(6,119)
Investing activities			
Settlement of loan receivables		**15,000**	–
Interest received		**891**	3
Advance of loan receivables		**(25,500)**	–
Acquisition of subsidiaries	15	**(4,070)**	–
Purchase of property, plant and equipment		**(78)**	(240)
Net cash used in investing activities		**(13,757)**	(237)
Financing activities			
Proceeds from issue of shares		**116,448**	–
Expenses in relation to open offer		**(2,231)**	–
Repayments to a non-controlling shareholder of a subsidiary		**(1,455)**	–
Repayments to immediate holding company		**(238)**	–
Net cash from financing activities		**112,524**	–
Net increase (decrease) in cash and cash equivalents		**92,114**	(6,356)
Cash and cash equivalents at 1 April		**13,677**	10,843
Effect of foreign exchange rate changes		**(18)**	148
Cash and cash equivalents at 30 September, represented by bank balances and cash		**105,773**	4,635

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012. In addition, the Group applied the following accounting policies for business combination and leases during the current period.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the condensed consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the condensed consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Leasing

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that is mandatorily effective for the current interim period. The application of these amendment to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to the chief operating decision maker, chief executive officer of the Group, for the purposes 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; and

3. Sourcing and sale of computer and related products.

Information regarding the above segments is reported below.

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 2012

	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	21,849	23,224	71,649	116,722
Result				
Segment profit	867	1,423	9,021	11,311
Unallocated income				1,482
Unallocated expenses				(4,580)
Profit before taxation				8,213

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Six months ended 30 September 2011

	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	47,441	27,362	32,241	107,044
Result				
Segment profit	5,326	1,533	3,691	10,550
Unallocated income				538
Unallocated expenses				(4,918)
Profit before taxation				6,170

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

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

	At 30 September 2012 ***HK$'000*** **(unaudited)**	At 31 March 2012 *HK$'000* (audited)
Sale of home electrical appliances, electronic products and related plastic injection components	**30,279**	39,711
Distribution and sale of electronic consumer products	**9,655**	9,060
Sourcing and sale of computer and related products	**44,769**	37,125
Total segment assets	**84,703**	85,896

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

4. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on amount due to immediate holding company	**37**	1,206

5. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**450**	267
Staff costs, including directors' emoluments	**4,961**	1,703
Interest income	**(891)**	(3)

6. TAXATION

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprised:		
Hong Kong Profits Tax		
– current year	**860**	780
– overprovision in prior year	**(261)**	–
	599	780
PRC Enterprise Income Tax	**332**	253
	931	1,033

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2011: 16.5%) of the estimated assessable profit for the period.

PRC Enterprise Income Tax is calculated at 25% (six months ended 30 September 2011: 25%) of assessable profit of the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

7. DIVIDEND

No dividends were paid or proposed during the period. The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK$6,815,000 (six months ended 30 September 2011: HK$4,468,000) and on the weighted average number of 1,860,618,011 ordinary shares (six months ended 30 September 2011 (restated): 1,399,615,385) in issue during the period, as adjusted to reflect the shares issued during the period.

The number of ordinary shares for both periods for the purposes of calculating basic earnings per share has been adjusted for (i) the share consolidation of every four shares of par value HK$0.0005 each in the share capital of the Company into one share of par value HK$0.002 each which became effective on 13 April 2012 (see Note 14(i)); and (ii) the completion of open offer of 606,500,000 offer shares on 16 May 2012 (see Note 14(ii)). As a consequence, the amount of basic earnings per share for the six months ended 30 September 2011 has been restated from HK0.09 cent to HK0.32 cent.

No diluted earnings per share has been presented because there are no outstanding potential ordinary shares as at 30 September 2012 and 2011 and during both periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately HK$2,034,000 (six months ended 30 September 2011: HK$474,000) of which approximately HK$1,956,000 were acquired through acquisition of subsidiaries.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

10. GOODWILL

	At 30 September 2012 HK$'000 (unaudited)	At 31 March 2012 HK$'000 (audited)
CARRYING VALUE		
At beginning of the period/year	–	–
Acquisition of subsidiaries	819	–
At end of the period/year	819	–

For purposes of impairment testing, goodwill has been allocated to a group of cash generating units ("CGU"). A subsidiary of the Company, May Wilson Plastics and Electronics (HK) Co. Limited ("MWHK") is engaged in trading of home electrical appliances and electronics products for which part of those home electrical appliances are produced by a newly acquired subsidiary, May Wilson Holding Limited ("MWH") and its subsidiaries. The management considered MWHK and MWH is a group of CGU as synergies are derived in such arrangement.

During the period, the Group performed impairment review for goodwill, based on cash flow forecasts derived from the most recent financial budgets covering a six-year period with discount rate of 8% and annual growth rate of 1% to 3%.

The recoverable amount of the CGU has been determined on the basis of value in use calculation. The key factors for the value in use calculation are discount rates, growth rates and expected changes to revenue and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on industry growth forecasts. Changes in revenue and direct cost are based on past practices and expectations of future changes in the market. Other key assumptions for the value in use calculations included budgeted sales and gross margins and their related cash inflow and outflow patterns, estimated based on the CGU's historical performance and management's expectation of the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the recoverable amounts of CGU to fall below their respective carrying amounts. In the opinion of Directors, no impairment loss was considered necessary.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2012	At 31 March 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade debtors	**72,948**	77,358
Trade deposits paid	**1,559**	4,917
Loan receivable	**10,500**	–
Rental deposit	**352**	–
Sundry debtors and prepayments	**2,214**	2,840
	87,573	85,115
Less: Rental deposit (shown under non-current assets)	**333**	–
	87,240	85,115

Loan receivable represents a loan made to an independent third party. The loan is repayable within three months, interest bearing at a rate of 3% per month and secured by certain assets and listed equity shares in Hong Kong.

The Group provided a credit period normally ranging from 30 to 180 days (31 March 2012: 30 to 180 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 September 2012	At 31 March 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 60 days	**48,867**	48,554
61 to 120 days	**918**	17,881
121 to 180 days	**5,503**	4,929
Over 180 days	**17,660**	5,994
	72,948	77,358

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

12. TRADE AND OTHER PAYABLES

	At 30 September 2012 HK$'000 (unaudited)	At 31 March 2012 HK$'000 (audited)
Trade creditors	35,851	58,106
Trade deposits received	469	1,380
Other payables and accruals	5,847	3,652
	42,167	63,138

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

	At 30 September 2012 HK$'000 (unaudited)	At 31 March 2012 HK$'000 (audited)
0 to 60 days	21,564	37,700
61 to 120 days	833	13,975
121 to 180 days	1,686	1,516
Over 180 days	11,768	4,915
	35,851	58,106

The credit period on purchases of goods is ranged from 60 to 180 days (31 March 2012: 60 to 180 days).

13. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

At 31 March 2012, the outstanding balance was unsecured and repayable on 1 April 2012. Except for the advance with carrying amount of HK$12,168,000 (the principal amount of HK$12,170,000) which was interest free, the remaining balance was interest bearing at a fixed rate of 1% per annum. During the six months ended 30 September 2012, the outstanding balance has either been capitalised or repaid (see Note 14(iii)).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

14. SHARE CAPITAL

	Number of shares		Nominal value	
	30 September 2012	31 March 2012	**30 September 2012 *HK$'000***	31 March 2012 *HK$'000*
Ordinary shares of HK$0.002 (31 March 2012: HK$0.0005) each				
Authorised:				
At the beginning of the period/year	**200,000,000,000**	200,000,000,000	**100,000**	100,000
Share consolidation *(Note i)*	**(150,000,000,000)**	–	**–**	–
At the end of the period/year	**50,000,000,000**	200,000,000,000	**100,000**	100,000
Issued and fully paid:				
At the beginning of the period/year	**4,852,000,000**	4,852,000,000	**2,426**	2,426
Share consolidation *(Note i)*	**(3,639,000,000)**	–	**–**	–
Shares issued upon open offer *(Note ii)*	**606,500,000**	–	**1,213**	–
Shares issued upon loan capitalisation *(Note iii)*	**195,907,214**	–	**392**	–
At the end of the period/year	**2,015,407,214**	4,852,000,000	**4,031**	2,426

Notes:

(i) A shareholders' resolution was passed on 12 April 2012 to approve the consolidation of every four issued and unissued ordinary shares of par value HK$0.0005 each in the share capital of the Company into one ordinary share of par value HK$0.002 each ("New Share"). The New Shares rank pari passu in all respects with each other in accordance with the Memorandum of Association and Bye-laws of the Company. After the completion of share consolidation, the authorised share capital of the Company remains at HK$100,000,000 but comprises of 50,000,000,000 New Shares of HK$0.002 each, of which 1,213,000,000 New Shares of HK$0.002 each have been issued.

(ii) The open offer was completed on 16 May 2012. The Company raised gross proceeds of HK$116,448,000 by way of an open offer of 606,500,000 offer shares at the subscription price of HK$0.192 per offer share on the basis of one offer share for every two New Shares.

(iii) A shareholders' resolution was passed on 12 April 2012 to approve the loan capitalisation agreement entered into between the Company and its immediate holding company dated 27 February 2012 in relation to the subscription for 195,907,214 New Shares of HK$0.002 each in the share capital of the Company at a price of HK$0.192 per New Share by way of capitalising a sum of approximately HK$37,614,000 (including interests accrued up to 31 May 2011) out of the balance of amount due to immediate holding company as of 31 May 2011.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

15. ACQUISITION OF SUBSIDIARIES

On 30 April 2012, the Group acquired 92% of the issued share capital of MWH, an investment holding company with subsidiaries which are principally engaged in the manufacture and sale of home electrical appliances, electronic products and related plastic injection components, for a cash consideration of HK$6,000,000. The acquisition has been accounted for using the purchase method. The amount of goodwill arising as result of the acquisition was approximately HK$819,000. MWH was acquired so as to continue the expansion of the Group's business of home electrical appliances, electronic products and related plastic injection components.

Consideration

	HK$'000
Cash consideration paid	6,000

Assets and liabilities recognised at the date of acquisition

	HK$'000
Property, plant and equipment	1,956
Rental deposit	333
Inventories	988
Trade and other receivables	7,902
Tax recoverable	34
Amount due from a group company	18,621
Bank balances and cash	1,430
Trade and other payables	(24,178)
Amount due to a non-controlling shareholder of a subsidiary	(1,455)
	5,631

Goodwill arising on acquisition

	HK$'000
Consideration	6,000
Plus: Non-controlling interests	450
Less: Net assets acquired	(5,631)
	819

The non-controlling interests (8% in MWH) recognised at the acquisition date was measured by reference to the proportionate share of the fair value of the acquiree's identifiable net assets and amounted to approximately HK$450,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

15. ACQUISITION OF SUBSIDIARIES *(Continued)*

Net cash outflow on acquisition

	HK$'000
Cash consideration paid	(6,000)
Less: Deposit paid for acquisition of subsidiaries	500
Less: Cash and cash equivalents acquired	1,430
	(4,070)

Impact of acquisition on the results of the Group

MWH contributed approximately HK$8,461,000 to the Group's turnover and a loss for the period of approximately HK$1,494,000 between the date of acquisition and the end of the reporting period, respectively.

Had the acquisition been completed on 1 April 2012, total Group's turnover and profit for the period would have been approximately HK$117,045,000 and HK$6,833,000, respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2012, nor is intended to be a projection of future results.

16. RELATED PARTY TRANSACTIONS

In addition to the related party advances set out in note 13 to the condensed consolidated financial statements, the Group paid rental expense, management fee and air-conditioning charge totalling HK$240,000 (six months ended 30 September 2011: HK$240,000) to a related company in which a Director has significant influence during the six months ended 30 September 2012.

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 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Short-term employee benefits	**1,217**	1,070
Post-employment benefits	**70**	35
	1,287	1,105

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

17. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	At 30 September 2012 ***HK$'000*** **(unaudited)**	At 31 March 2012 *HK$'000* (audited)
Within one year	**1,932**	19
In the second to fifth years inclusive	**1,402**	–
	3,334	19

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 September 2012 ***HK$'000*** **(unaudited)**	At 31 March 2012 *HK$'000* (audited)
Within one year	**303**	–
In the second to fifth years inclusive	**227**	–
	530	–

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

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

As at 30 September 2012, 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 SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	1,210,189,214 *(Note)*	60.05%

Note:

These shares were beneficially owned by Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited ("Loyal Giant") as to 1,209,532,214 shares and 657,000 shares respectively. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen. Accordingly, Mr. Suen and Loyal Giant were deemed to be interested in 1,210,189,214 shares under the SFO.

Save as disclosed above, as at 30 September 2012, 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) that was required to be recorded 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

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 August 2012, the Company has adopted the new share option scheme (the "Share Option Scheme") and the previous share option scheme adopted on 6 January 2003 (the "Old Share Option Scheme") was terminated on the same date. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented key management and employees to strive for future development and expansion of the Group. The Share Option Scheme shall be an incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

During the six months ended 30 September 2012, no share options were granted or exercised and no share options were outstanding as at 1 April 2012 and 30 September 2012.

Details of the Old Share Option Scheme and the Share Option Scheme were set out in the Company's 2012 Annual Report and the Company's circular dated 24 July 2012 respectively.

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 2012 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors 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.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2012, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Other Information

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

Long positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen	Interest of controlled corporation	1,210,189,214 *(Note)*	60.05%
Loyal Giant	Beneficial owner	657,000	0.04%
	Interest of controlled corporation	1,209,532,214 *(Note)*	60.01%
Long Channel	Beneficial owner	1,209,532,214 *(Note)*	60.01%

Note:

These shares were beneficially owned by Long Channel as to 1,209,532,214 shares and Loyal Giant as to 657,000 shares. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen. Accordingly, Mr. Suen and Loyal Giant were deemed to be interested in 1,210,189,214 shares under the SFO.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 September 2012 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

The Company had adopted the principles and complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2012.

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. Having made specific enquiry with all the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2012.

Other Information

UPDATE ON DIRECTORS' INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Suen stepped down from his position as the chairman of Sunlink International Holdings Limited (stock code: 2336) ("Sunlink International", a listed company in Hong Kong), and was re-designated as a non-executive director of Sunlink International with effect from 11 September 2012.

   Mr. Suen was appointed an executive director and the chairman of New Island Printing Holdings Limited (stock code: 377), a listed company in Hong Kong, on 12 September 2012.

2. Mr. Sue Ka Lok stepped down from his position as the chief executive officer of Sunlink International and was appointed the chairman of Sunlink International with effect from 11 September 2012.

3. The remuneration of Mr. Sue Ka Lok has been increased to HK$55,000 per month under his letter of appointment with the Company with effect from 1 August 2012. Mr. Sue is also entitled to a year end double-pay payment equivalent to one month director's remuneration upon completion of a full year service. The revised remuneration of Mr. Sue has been approved by the Remuneration Committee of the Company.

4. The director's fee of each of Mr. Chan Kwong Fat, George ("Mr. Chan"), Mr. Siu Hi Lam, Alick ("Mr. Siu") and Mr. To Yan Ming, Edmond ("Mr. To") has been increased to HK$96,000 per annum with effect from 1 August 2012. The revised director's fee of each of Mr. Chan, Mr. Siu and Mr. To has been approved by the Board under the recommendation of the Remuneration Committee of the Company.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2012 have not been audited, but have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

On behalf of the Board

Sue Ka Lok
Chief Executive Officer

Hong Kong, 26 November 2012