2011 Annual Report

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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

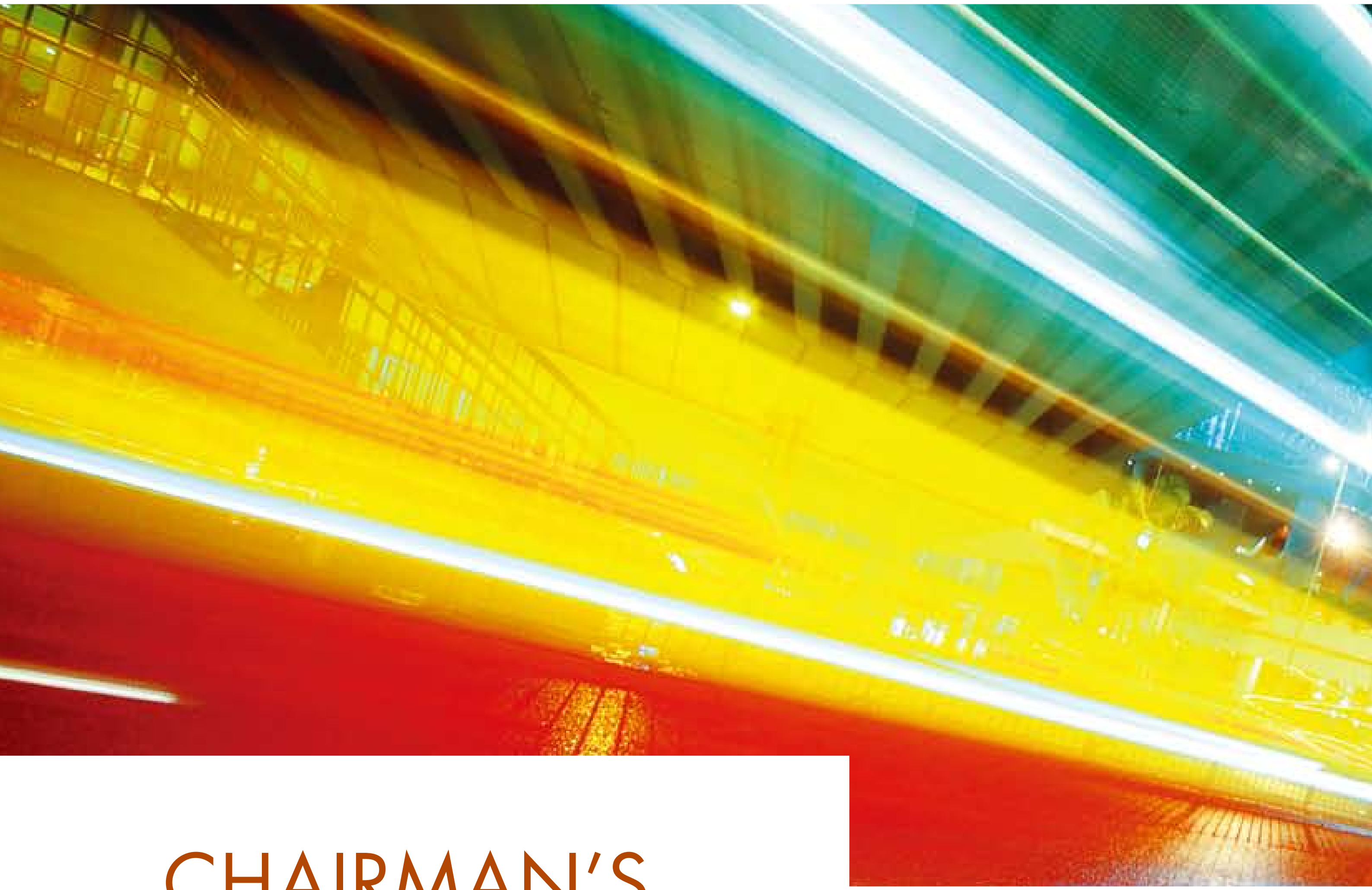
Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

COMPANY HOMEPAGE

http://www.bep.com.hk

STOCK CODE

2326



CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year ended 31 March 2011, I am pleased to report that the Group has successfully turnaround its results and posted a profit attributable to owners of the Company of HK$5,833,000, in contrast to the loss of HK$5,546,000 recorded in last year. These profitable results reflect the dedicated efforts of the management in promoting the business of the Group through adoption of a series of lucrative business initiatives. During the year, all of the Group's business segments, namely, the sale of home electrical appliances, electronic products and related plastic injection components; the distribution and sale of electronic consumer products; and the sourcing and sale of computer and related products have performed well and registered a significant progress by reporting an aggregate turnover of HK$177,929,000, representing a significant 3.6 times increase compared to HK$38,685,000 in the previous year. The Group's increased turnover also drove up gross profit to HK$16,940,000, which sharply increased by 4.2 times compared to HK$3,251,000 in last year.

The Group's earnings per share for the year were HK0.12 cent, against the last year loss per share of HK0.11 cent. Overall speaking, the Group has successfully turnaround its results and achieved substantial growth in turnover and profitability for the year under review.

With continuous efforts of the management in developing businesses of the Group, all three business segments registered notable increases in revenue and profitability during the year. The Group's operation of sale of home electrical appliances, electronic products and related plastic injection components, which offers a wide range of consumer electrical and electronic products, continued to demonstrate strong growth in revenue and profitability. The products offer by this operation are very competitive in terms of quality and pricing and are well received by many of its customers. The Group's operation of sourcing and sale of computers and related products and distribution and sale of electronic consumer products, which both commenced in January 2010, also demonstrated significant progress of their businesses during the review year. The Group's computer sourcing and sale operation has been focused on supplying notebook and netbook computers as well as related accessories to distributors in Southeast Asian countries, mainly due to the price competitiveness of its products and be able to deliver orders within a short lead time, this operation has firmly established its foothold in the market and is well positioned for further growth by continue to deliver quality and innovative computer products. For the Group's operation of distribution and sale of electronic consumer products, the Group continued to be the approved distributor and authorised sales agent of two premium Japanese brand imaging products during the year. The operation has continued to focus on the distribution sales of digital cameras, lenses and video cameras to retailers in the southern and eastern region of the People's Republic of China (the "PRC") and has recorded significant growth in sales. It is expected that this operation will continue to perform well in light of the continuous rise of household income and consumption power of the PRC population.

During the year, the Group's businesses have developed into a well balanced and competitive business mix comprises three business segments which progressively transformed the Group into a consumer electrical and electronic products group offering a wide range of products with target markets in Southeast Asia and the PRC. In order to maintain the competitive edge of the Group in the fast changing electrical and electronic consumer products market, the Group will continue to devote more resources in further enhancing its product development capability with the view to launch new products regularly to capture business opportunities arising from change in market trend. With the view to promote sales and market coverage of the Group, the Group also plans to strengthen its sales and marketing force with emphasis on serving needs of different customers in different geographical markets.

PROSPECTS

The financial year just ended was a remarkable year of the Group by having achieved substantial growth in turnover and profitability. Through enlarging the customer base, offering a wider range of products and firmly established their competitive positions in the market place, all three business segments of the Group have delivered encouraging results and are well positioned in their respective markets for further growth. The Group's businesses have been growing in healthy pace and it is planned that 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. The PRC and the Southeast Asian countries, on which the Group is focused, are expected to show continuous economic growth which give rise to new business opportunities and market demand. Given that, and the remarkable results the Group has achieved for the financial year ended 31 March 2011, I am optimistic that the Group will continue to perform well in terms of turnover and profit growth in the years ahead.

The shares of the Company have been suspended for trading since 20 October 2008. As referred to in the announcement of The Stock Exchange of Hong Kong Limited ("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 for the resumption of trading of the Company's shares and shareholders will be informed of the progress of the submission as and when appropriate.

APPRECIATION

The year under review was a remarkable year of the Group. I would like to take this opportunity to thank all our shareholders, business partners and bankers for their continuous support to the Group, and to my fellow directors, the Group's management team and staff for their hard work and contributions for the past year.

Suen Cho Hung, Paul
Chairman

Hong Kong, 27 May 2011

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

The year ended 31 March 2011 was a year of success of the Group. The Group reported a turnover of HK$177,929,000, which showed a remarkable increase of 3.6 times when compared with HK$38,685,000 in the previous year, and gross profit of HK$16,940,000, which jumped by 4.2 times when compared to HK$3,251,000 in last year. The strong growth of the Group's turnover and gross profit were mainly the results of the significant business progress achieved by all of the Group's business segments, namely, the sale of home electrical appliances, electronic products and related plastic injection components; the distribution and sale of electronic consumer products; and the sourcing and sale of computer and related products. As a result of the substantial increase in turnover and gross profit of the Group, the Group posted a profit for the year amounting to HK$6,227,000, which was in sharp contrast to the loss of HK$5,525,000 recorded in last year. The finance costs for the year of HK$2,418,000 represented the imputed interest on the amount

advanced from the immediate holding company, yet part of that amount of HK$2,177,000 required no cash payout but only represented a notional interest calculated in accordance with the Group's accounting policy, which principally assuming that 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 of HK$8,404,000 for the year under review. For comparison purpose, if notional interests totaling HK$1,787,000 on amounts advanced from the immediate holding company and the former ultimate holding company was excluded from the previous year's results, the Group would have recorded a loss of HK$3,738,000. The profit attributable to owners of the Company for the year amounted to HK$5,833,000, whereas a loss of HK$5,546,000 was recorded in the previous year; earnings per share were HK0.12 cent, and loss per share in last year was HK0.11 cent.

For the year under review, the Group's operation in the sale of home electrical appliances, electronic products and related plastic injection components reported revenue of HK$82,557,000 and operating profit of HK$7,878,000, which respectively increased by 1.6 times and 1.8 times to their comparables of HK$31,783,000 and HK$2,831,000 in the previous 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 entered into a sale and purchase agreement with the vendors of May Wilson Holding Limited ("MWH") on 14 October 2010 to acquire their 92% equity interest in MWH 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 this operation will be substantially enhanced, for the reasons that 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. Further details of the proposed acquisition are stated in the paragraph below headed "Very Substantial Acquisition".

The results of the Group's operation in the distribution and sale of electronic consumer products which commenced in January 2010 are also very encouraging. For the year ended 31 March 2011, the operation reported revenue of HK$40,508,000 and operating profit of HK$2,305,000. These results far exceeded the three months results included in the previous financial year which posted revenue of HK$4,247,000 and operating profit of HK$213,000. The very successful results achieved were primarily attributable to the tremendous sales efforts contributed and responsive after-sale services provided by the operation's marketing team. As an approved distributor and an authorised sales agent for two premium Japanese brand imaging products in the People's Republic of China (the "PRC"), the operation has been focused on the distribution sales of digital cameras, lenses and video cameras to retailers in the southern and eastern region in the PRC. The management is very optimistic about the consumer spending market in the PRC and has plans to devote more resources to develop this business targeting the PRC mass consumption market. Having realised that the consumers in the PRC are becoming more health conscious as a result of the general rise of household income, by cooperating with a well-known retail chain stores group in the PRC, the Group has launched its own brand name water electrolysis machines in November 2010, being the first item launched for sale under the operation's 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 has enormous business potential.

The Group's operation in the sourcing and sale of computers and related products which commenced in January 2010 also performed well. The operation posted revenue of HK$54,864,000 and operating profit of HK$5,492,000 for the year, which showed a strong growth from the three months results included in the last financial year that reported revenue of HK$2,655,000 and operating profit of HK$207,000. The operation has been focused on the sale of netbook and notebook computers and related accessories to distributors in the Southeast Asian countries for reasons that the Group's products are very price competitive in these markets. The Group will continue to focus on these markets and has devoted resources to enhance its sales force and product development capability in order to enlarge its customer base as well as its product range. The Group is also promoting sale of portable computers under its own brand name as part of its business expansion plan.

As referred to in the paragraph below headed "Disposal of Subsidiaries", as part of the Group's corporate reorganization plan, on 30 July 2010, the Company disposed of several subsidiaries the financial results of which have been deconsolidated from the Group's consolidated financial statements.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 March 2011, the Group had current assets of HK$78,271,000 (2010: HK$26,715,000) comprising bank balances of HK$10,843,000 (2010: HK$6,102,000). The Group's current ratio, calculated based on current assets of HK$78,271,000 over current liabilities of HK$59,031,000 (2010: HK$18,419,000) was at a strong ratio of 1.33 (2010: 1.45).

As at 31 March 2011, the Group's gearing ratio, calculated on the basis of total liabilities of HK$59,131,000 (excluding amount due to immediate holding company) (2010: HK$18,539,000, excluding amount due to immediate holding company) divided by total assets of HK$80,268,000 (2010: HK$28,089,000) was at a moderate ratio of 0.74 (2010: 0.66). At 31 March 2011, the total carrying amount of advances made by the Company's immediate holding company, Long Channel Investments Limited ("Long Channel"), to the Group amounted to HK$35,374,000 (principal amount of HK$36,919,000). Out of the total advances, an advance of the carrying amount of HK$11,393,000 (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 year, the Group continued to implement a prudent financial management policy. In addition to internally generated cash flows, the Group has support from its controlling shareholder to provide funding in meeting operational needs. The management 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

At 31 March 2011, the Group had a capital commitment of HK$234,000 (2010: HK$310,000) in respect of the acquisition of moulds for computer cases.

Contingent Liabilities

As at 31 March 2011, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2011, the Group had a total of 31 employees and directors. Total staff costs for the year, including directors' remuneration, was HK$2,188,000 (2010: HK$2,429,000). 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 provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

DISPOSAL OF SUBSIDIARIES

On 30 July 2010, as part of the Group's corporate reorganization plan, the Company disposed of its entire equity interest in Better Electrical Products Company Limited ("BEPCL") to a company beneficially owned by a director and the ultimate beneficial owner of 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 that 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 were stated in the Company's announcement dated 30 July 2010.

VERY SUBSTANTIAL ACQUISITION

On 14 October 2010, a subsidiary of the Company entered into a sale and purchase agreement with the vendors of MWH to acquire their 92% equity interest in MWH for a consideration of HK$6,000,000. The transaction constituted a very substantial acquisition of the Company and was approved by shareholders in the special general meeting of the Company held on 15 December 2010. 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 management is 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 management is 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 is optimistic about their future performance. Details of the acquisition were stated in the Company's announcement dated 15 October 2010 and the circular of the Company dated 29 November 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Suen Cho Hung, Paul, *Chairman*

Aged 50, joined the Company as an Executive Director in July 2009 and appointed as the Chairman of the Company in August 2009. Mr. Suen is also a director of several subsidiaries of the Company. Mr. Suen holds a Master of Business Administration degree from the University of South Australia. Mr. Suen has extensive experience in managing metal, mineral and raw materials, energy and property business ventures as well as in strategic planning and corporate management of business

enterprises in Hong Kong and the People's Republic of China (the "PRC"). Mr. Suen is a controlling shareholder of the Company as disclosed in the section headed "Interests and short positions of shareholders discloseable under the SFO" in the Report of the Directors. Mr. Suen is also an executive director and the chairman of Beijing Yu Sheng Tang Pharmaceutical Group Limited (stock code: 1141), a listed company in Hong Kong.

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

Mr. Li Hiu Ming
Aged 60, joined the Company as an Executive Director in May 2009 and is also a director of several subsidiaries of the Company. Mr. Li has over 20 years of experience in manufacturing and trading of electronic equipment and managing investment ventures in the PRC and Hong Kong. Mr. Li holds a doctoral degree of philosophy from the School of Philosophy of Wuhan University in the PRC.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kwong Fat, George, *member of the Audit Committee and the Remuneration Committee*
Aged 50, joined the Company as an Independent Non-executive Director in June 2009. Mr. Chan is the executive director of a consultancy company engaging in providing financial investment consultancy services. Mr. Chan has worked in the finance and commercial field for more than 21 years. He had been the principal corporate planner of Airport Authority Hong Kong and he was responsible for corporate planning in the areas of commercial and financial strategies. Mr. Chan obtained his Bachelor degree in Social Sciences from the University of Hong Kong in 1982, Master degree in Business Administration from The Chinese University of Hong Kong in 1987 and Master degree in Accounting from Curtin University of Technology, Australia. Mr. Chan is also a member of the CPA Australia.

Mr. Siu Hi Lam, Alick, *member of the Audit Committee and the Remuneration Committee*
Aged 56, joined the Company as an Independent Non-executive Director in June 2009. Mr. Siu is the managing director of Fortune Take International Limited, a company engaging in providing business consultancy services. Mr. Siu has worked in the finance and banking field for more than 25 years. He had been the senior vice president of AIG Finance (Hong Kong) Limited and the vice president of Bank of America. He was responsible for business development and credit risk management. Mr. Siu obtained a Master degree in Business Administration from the University of Hull in 1995. Mr. Siu is also an independent non-executive director of China Investment Fund Company Limited (stock code: 612) and Sage International Group Limited (formerly known as Info Communication Holdings Limited) (stock code: 8082), both are listed companies in Hong Kong.

Mr. To Yan Ming, Edmond, *Chairman of the Audit Committee and member of the Remuneration Committee*
Aged 39, joined the Company as an Independent Non-executive Director in June 2009. Mr. To is a practising accountant and presently the director of Zhonglei (HK) CPA Company Limited and Edmond To CPA Limited. He is a member of both the CPA Australia and the Hong Kong Institute of Certified Public Accountants. He worked for the international accounting firm, Deloitte Touche Tohmatsu and has over 11 years of experience in auditing, accounting, floatation and taxation matters. Mr. To holds a Bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. Mr. To is also an independent non-executive director of China Vanguard Group Limited (stock code: 8156), Wai Chun Group Holdings Limited (stock code: 1013) and Theme International Holdings Limited (stock code: 990). All of the above companies are listed in Hong Kong.

The directors of the Company are pleased to present their annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of home electrical appliances, electronic products and related plastic injection components, distribution and sale of electronic consumer products and sourcing and sale of computer and related products.

RESULTS

The results of the Group for the year ended 31 March 2011 are set out in the consolidated income statement on page 34.

FINAL DIVIDEND

The Board of Directors (the "Board") of the Company does not recommend the payment of any dividend in respect of the year ended 31 March 2011 (2010: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 78 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

There was no movement in share capital of the Company during the year. Details of share capital of the Company are set out in note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

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

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

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

As at 31 March 2011, the Company's deficits were HK$55,535,000 consisting of contributed surplus of HK$63,884,000 less accumulated losses of HK$119,419,000. No reserves are available for distribution to shareholders.

DIRECTORS

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

Executive Directors:

Mr. Suen Cho Hung, Paul
Mr. Sue Ka Lok
Mr. Li Hiu Ming
Mr. Poon Hor On

Independent Non-executive Directors:

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

In accordance with bye-law 87 of the Company's Bye-laws, Mr. Sue Ka Lok, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond will retire by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

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

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 27 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 March 2011, the interests and short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant 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 position in the ordinary 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 Investments Limited ("Long Channel") and Loyal Giant Holdings Limited ("Loyal Giant") as to 2,703,000,000 shares and 1,752,000 shares respectively. Long Channel was a wholly owned subsidiary of Loyal Giant which in turn was wholly owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and Loyal Giant were deemed to be interested in 2,704,752,000 shares under the SFO.

Save as disclosed above, as at 31 March 2011, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

SHARE OPTION SCHEME (CONTINUED)

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

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

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

No share options were granted or exercised during the years ended 31 March 2010 and 2011 and no share options were outstanding as at 31 March 2010 and 2011.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2011, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Long positions in the ordinary shares of the Company

Name of shareholder	Capacity	Number of issued 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%

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

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.

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

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

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2011 as required pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

Details of the connected transactions of the Group are set out in note 27 to the consolidated financial statements and the connected transactions are exempted from disclosure requirements under Chapter 14A of the Listing Rules but is classified as related party transactions.

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

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

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for 14% and 41% respectively of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for 28% and 78% respectively of the Group's total purchases for the year.

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

EMOLUMENT POLICY

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

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

CORPORATE GOVERNANCE

The audited consolidated financial statements of the Company for the year ended 31 March 2011 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

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

Particulars of the Company's corporate governance practices are set out on pages 27 to 31 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 March 2011.

AUDITOR

The consolidated financial statements for the year ended 31 March 2011 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

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 for the resumption of trading of the Company's shares and shareholders will be informed of the progress of the submission as and when appropriate.

On behalf of the Board

Sue Ka Lok
Chief Executive Officer

Hong Kong, 27 May 2011

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

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

THE BOARD

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

As at the date of this report, the Board comprises seven directors including four executive directors, namely Mr. Suen Cho Hung, Paul ("Mr. Suen") (Chairman), Mr. Sue Ka Lok ("Mr. Sue") (Chief Executive Officer), Mr. Li Hiu Ming and Mr. Poon Hor On and three independent non-executive directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond. The biographical details of the Directors are set out in the "Biographical Details of Directors" on pages 14 to 17 of this annual report.

Save that both Mr. Suen and Mr. Sue are executive directors of Beijing Yu Sheng Tang Pharmaceutical Group Limited of which Mr. Suen is also substantial shareholder, and Mr. Sue is the non-executive director and the chairman of China Tycoon Beverage Holdings Limited of which Mr. Suen is a controlling shareholder, there is no financial, business, family or other material/relevant relationship between the Chairman and the Chief Executive Officer and among members of the Board.

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

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

THE BOARD (CONTINUED)

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

Name of Director	Attendance/ Number of Board Meetings
Executive Directors	
Mr. Suen Cho Hung, Paul	8/8
Mr. Sue Ka Lok	8/8
Mr. Li Hiu Ming	5/8
Mr. Poon Hor On	5/8
Independent Non-executive Directors	
Mr. Chan Kwong Fat, George	4/8
Mr. Siu Hi Lam, Alick	4/8
Mr. To Yan Ming, Edmond	4/8

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS (CONTINUED)

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

BOARD COMMITTEES

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

Audit Committee

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

As at the date of this report, the Audit Committee comprises all the three Independent Non-executive Directors, namely Mr. To Yan Ming, Edmond, Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick. The Chairman of the Audit Committee is Mr. To Yan Ming, Edmond. During the year ended 31 March 2011, three meetings of the Audit Committee were held and the individual attendance of the committee members is set out as follows:

Name of member	Attendance/ Number of Audit Committee Meetings
Mr. To Yan Ming, Edmond	3/3
Mr. Chan Kwong Fat, George	3/3
Mr. Siu Hi Lam, Alick	3/3

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

- reviewed and discussed the audited financial statements of the Group for the year ended 31 March 2010 with recommendations to the Board for approval;
- reviewed and discussed the unaudited financial statements of the Group for the six months ended 30 September 2010 with recommendations to the Board for approval;
- reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;
- reviewed the effectiveness of the internal control system of the Group; and
- reviewed and made recommendations to the Board on the reappointment of the Company's auditor and reviewed and approved the remuneration and terms of engagement of the Company's auditor.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee

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

As at the date of this report, the Remuneration Committee comprises four members, including one executive director, namely Mr. Sue Ka Lok (Chairman of the Remuneration Committee), and three independent non-executive directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond.

The Remuneration Committee met once during the year to review the remuneration packages for the directors. The individual attendance of the members of the Remuneration Committee at the meeting is set out as follows:

Name of member	Attendance/ Number of Remuneration Committee Meetings
Mr. Sue Ka Lok	1/1
Mr. Chan Kwong Fat, George	1/1
Mr. Siu Hi Lam, Alick	1/1
Mr. To Yan Ming, Edmond	1/1

INTERNAL CONTROL

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

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

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

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

The directors of the Company have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Specific enquiries have been made of all directors and they have confirmed their compliance with the required standards set out in Model Code during the year ended 31 March 2011.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the auditor of the Company about their responsibilities on the Company's financial statements for the year ended 31 March 2011 is set out in the section headed "Independent Auditor's Report" on pages 32 to 33 of this annual report.

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

	HK$'000
Fees for audit services	650
Fees for non-audit services	205

Deloitte.
德勤

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

We were engaged to audit the consolidated financial statements of BEP International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 77 which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the director determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As set out in note 2 (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.

The Group recorded a loss on deconsolidation of BEP (China) of HK$49,677,000 based on its unaudited statement of financial position as at 30 September 2008 and unaudited income statement for the period from 1 April 2008 to 30 September 2008, which were the latest management accounts available to the directors of the Company. The loss of BEP (China) prior to deconsolidation included in the consolidated income statement for the year ended 31 March 2009 amounted to HK$28,357,000. These losses had a corresponding impact on the Group's accumulated losses as at 1 April 2009 and 31 March 2010. However, as a result of the circumstances described above, the directors of the Company were unable to provide us with the complete set of accounting books and records for BEP (China). We were therefore unable to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to whether the accumulated losses as at 1 April 2009 and 31 March 2010 are free from material misstatements. The matters described above caused us to disclaim our audit opinion on the consolidated financial statements in respect of the year ended 31 March 2010.

As explained in note 2 (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 consolidated financial statements are free from material misstatement.

Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the state of the Group's affairs as at 31 March 2010 and on its profit or loss for the years ended 31 March 2011 and 2010.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 27 May 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	5	**177,929**	38,685
Cost of sales		**(160,989)**	(35,434)
Gross profit		**16,940**	3,251
Other income		**1,038**	483
Selling and distribution costs		**(1,265)**	(2)
Administrative expenses		**(6,605)**	(9,303)
Finance costs	6	**(2,418)**	(1,967)
Gain on winding-up a subsidiary	23	**–**	2,142
Profit (loss) before taxation	7	**7,690**	(5,396)
Taxation	9	**(1,463)**	(129)
Profit (loss) for the year		**6,227**	(5,525)
Attributable to:			
Owners of the Company		**5,833**	(5,546)
Non-controlling interests		**394**	21
		6,227	(5,525)
		HK cent	*HK cent*
Earnings (loss) per share – Basic	11	**0.12**	(0.11)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011 *HK$'000*	2010 *HK$'000*
Profit (loss) for the year	**6,227**	(5,525)
Other comprehensive income for the year:		
Exchange differences arising on translation of foreign operations	**232**	12
Total comprehensive income (expenses) for the year	**6,459**	(5,513)
Total comprehensive income (expenses) for the year attributable to:		
Owners of the Company	**6,065**	(5,534)
Non-controlling interests	**394**	21
	6,459	(5,513)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	12	**1,263**	1,064
Deposits paid for acquisition of subsidiaries		**500**	-
Deposits paid for property, plant and equipment		**234**	310
		1,997	1,374
Current assets			
Inventories	13	**378**	439
Trade and other receivables	14	**67,050**	20,174
Bank balances and cash	15	**10,843**	6,102
		78,271	26,715
Current liabilities			
Trade and other payables	16	**57,957**	18,388
Tax payable		**1,074**	31
		59,031	18,419
Net current assets		**19,240**	8,296
Total assets less current liabilities		**21,237**	9,670
Non-current liabilities			
Amount due to immediate holding company	17	**35,374**	32,208
Deferred tax liabilities	18	**100**	120
		35,474	32,328
Net liabilities		**(14,237)**	(22,658)
Capital and reserves			
Share capital	19	**2,426**	2,426
Reserves		**(17,078)**	(25,105)
Capital deficiency attributable to owners of the Company		**(14,652)**	(22,679)
Non-controlling interests		**415**	21
Deficiency of shareholders' equity		**(14,237)**	(22,658)

The consolidated financial statements on pages 34 to 77 were approved and authorised for issue by the Board of Directors on 27 May 2011 and are signed on its behalf by:

Suen Cho Hung, Paul
DIRECTOR

Sue Ka Lok
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	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	2,426	24,292	(1,522)	1,341	–	(48,552)	(22,015)	–	(22,015)
Exchange differences arising on translation of foreign operations	–	–	–	–	12	–	12	–	12
Loss for the year	–	–	–	–	–	(5,546)	(5,546)	21	(5,525)
Total comprehensive income (expenses) for the year	–	–	–	–	12	(5,546)	(5,534)	21	(5,513)
Fair value adjustment on amount due to immediate holding company	–	–	–	1,404	–	–	1,404	–	1,404
Deemed capital contribution from immediate holding company on the date of extension of repayment	–	–	–	2,226	–	–	2,226	–	2,226
Waiver of amount due to former ultimate holding company	–	–	–	1,240	–	–	1,240	–	1,240
At 31 March 2010	2,426	24,292	(1,522)	6,211	12	(54,098)	(22,679)	21	(22,658)
Exchange differences arising on translation of foreign operations	–	–	–	–	232	–	232	–	232
Profit for the year	–	–	–	–	–	5,833	5,833	394	6,227
Total comprehensive income for the year	–	–	–	–	232	5,833	6,065	394	6,459
Fair value adjustment on amount due to immediate holding company	–	–	–	126	–	–	126	–	126
Deemed capital contribution from immediate holding company on the date of extension of repayment	–	–	–	1,836	–	–	1,836	–	1,836
At 31 March 2011	2,426	24,292	(1,522)	8,173	244	(48,265)	(14,652)	415	(14,237)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

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 of Hong Kong Limited (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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Operating activities		
Profit (loss) before taxation	**7,690**	(5,396)
Adjustments for:		
Interest income	**(3)**	(1)
Interest expenses	**2,418**	1,939
Depreciation of property, plant and equipment	**458**	150
Loss on disposal of property, plant and equipment	**–**	4
Gain on winding up of a subsidiary	**–**	(2,142)
Operating cash flows before movement in working capital	**10,563**	(5,446)
Decrease (increase) in inventories	**70**	(439)
Increase in trade and other receivables	**(46,418)**	(16,636)
Increase in trade and other payables	**39,506**	11,374
Cash generated from (used in) operating activities	**3,721**	(11,147)
PRC Enterprise Income Tax paid	**(441)**	–
Net cash from (used in) operating activities	**3,280**	(11,147)
Investing activities		
Deposits paid for acquisition of a subsidiary	**(500)**	–
Purchase of property, plant and equipment	**(347)**	(1,136)
Deposits paid for property, plant and equipment	**(234)**	(310)
Interest received	**3**	1
Proceeds from disposal of property, plant and equipment	**–**	207
Net cash used in investing activities	**(1,078)**	(1,238)
Financing activities		
Advance from immediate holding company	**2,500**	17,500
Advance from former ultimate holding company	**–**	1,240
Repayment of finance lease	**–**	(266)
Repayment of amount due to a subsidiary under liquidation	**–**	(133)
Interest paid	**–**	(21)
Net cash from financing activities	**2,500**	18,320
Net increase in cash and cash equivalents	**4,702**	5,935
Cash and cash equivalents at beginning of the year	**6,102**	167
Effect of foreign exchange rate changes	**39**	–
Cash and cash equivalents at end of the year, representing bank balances and cash	**10,843**	6,102

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. Its parent and ultimate parent are Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited, private companies incorporated in the British Virgin Islands ("BVI") with limited liability, respectively. The ultimate controlling party is Mr. Suen Cho Hung, Paul. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale of home electrical appliances, electronic products and related plastic injection components, distribution and sale of electronic consumer products and sourcing and sale of computer and related products.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Going concern basis

In preparing the consolidated financial statements of the Company, 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$14,237,000 on 31 March 2011. The directors of the Company have taken the following actions to improve the liquidity position of the Group:

(i) Long Channel, 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 approximately HK$36,919,000 unless the Group is financially able to do so. 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 year ended 31 March 2011. The directors of the Company are of the view that the businesses of the Group are growing in a healthy pace and expect that the Group will achieve growth in turnover, improve its financial performance and liquidity in the coming years.

Based on the factors described above, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

(a) Going concern basis (continued)

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 30). 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.

(b) Subsidiary deconsolidated

Notwithstanding that the Group holds 100% equity interests in Bailingda Industrial (Shenzhen) Company Limited ("BEP (China)") for the period from 26 October 2008 to 30 July 2010, BEP (China) was no longer regarded as a subsidiary of the Group as the directors of the Company are of the opinion that the Group did not control BEP (China) during this period.

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 lawyer in the People's Republic of China ("PRC") 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.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

(b) Subsidiary deconsolidated (continued)

The latest management accounts available were only up to 30 September 2008. Accordingly, the results of BEP (China) had been consolidated in the consolidated financial statements of the Group up to September 2008. A loss on deconsolidation of BEP (China) of HK$49,677,000 had been recorded in the consolidated income statement during the year ended 31 March 2009 and the loss had been included in the accumulated losses as at 31 March 2010.

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 approximately HK$26,381,000). 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 approximately HK$1,037,000). 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. Up to 30 July 2010, to the best knowledge of the directors of the Company, BEP (China) received claims from a number of suppliers and employees together with reimbursement to the local government of an aggregate amount of approximately RMB33,629,000 (approximately HK$38,572,000). As the aggregate claim amounts exceeded the proceeds from the auctions, the directors of the Company were of the view that the Group would not receive any distribution of proceeds from the auctions or any distribution of assets upon the contemplated winding up of BEP (China). 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 year ended 31 March 2011, the Group recorded a gain on disposal of subsidiaries of HK$1.

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

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

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

The application of the revised standards, amendments and interpretations in the current year has no material effect on the consolidated financial statements.

HKFRS 3 (as revised in 2008) "Business combinations" and HKAS 27 (as revised in 2008) "Consolidated and separate financial statements"

The Group applies HKFRS 3 (as revised in 2008) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (as revised in 2008) "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 year in which HKFRS 3 (as revised in 2008) and HKAS 27 (as revised in 2008) are applicable, the application of HKFRS 3 (as revised in 2008) and HKAS 27 (as revised in 2008) and the consequential amendments to other HKFRSs had no effect on the 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 (as revised in 2008), HKAS 27 (as revised in 2008) and the consequential amendments to the other HKFRSs are applicable.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

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

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

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

[5] Effective for annual periods beginning on or after 1 January 2012.

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

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 consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The 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 and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if the non-controlling interests have a deficit balance.

Revenue recognition

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

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment of loans and receivables

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

The objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or breach of contract, such as default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or the disappearance of an active market for that financial asset because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

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

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

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

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

Financial liabilities and equity

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

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

Equity instruments

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

Derecognition

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

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

Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

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

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

Taxation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

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

Leases

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

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

Borrowing costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

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

From 1 April 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Short-term employee benefits

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

Retirement benefit schemes

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

5. TURNOVER AND SEGMENT INFORMATION

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

Segment revenue and results

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

For the year ended 31 March 2011

	Sale of home electrical appliances, electronic products and related plastic injection components HK$'000	Distribution and sale of electronic consumer products HK$'000	Sourcing and sale of computer and related products HK$'000	Total HK$'000
Revenue	82,557	40,508	54,864	177,929
Result				
Segment profit	7,878	2,305	5,492	15,675
Unallocated income				1,038
Unallocated expenses				(9,023)
Profit before taxation				7,690

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended 31 March 2010

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

Note: The accounting policies of operating segments are the same as the Group's accounting policies described in note 4. Segment revenue and segment profit comprises turnover from external customers and gross profit less selling and distribution costs of each segment respectively.

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

At 31 March 2011

	Sale of home electrical appliances, electronic products and related plastic injection components *HK$'000*	Distribution and sale of electronic consumer products *HK$'000*	Sourcing and sale of computer and related products *HK$'000*	Total *HK$'000*
Assets				
Segment assets	41,504	2,504	19,974	63,982
Unallocated assets				16,286
Consolidated total assets				80,268
Liabilities				
Segment liabilities	41,080	515	13,379	54,974
Unallocated liabilities				39,531
Consolidated total liabilities				94,505

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

At 31 March 2010

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

Note: Segment assets comprise inventories, trade debtors and trade deposits paid of each segment, while segment liabilities comprise trade creditors and trade deposits received of each segment.

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Other segment information

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

	2011	2010
	HK$'000	*HK$'000*
Addition to non-current assets *(note)*	**1,391**	1,446
Depreciation	**458**	150

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

Revenue from major products

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

	2011	2010
	HK$'000	*HK$'000*
Home electrical appliances, electronic products and related plastic injection components	**82,557**	31,783
Consumer imaging products	**40,508**	4,247
Computers and related products and accessories	**54,864**	2,655
	177,929	38,685

Geographical information

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

	Revenue		**Non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**104,934**	25,940	**1,983**	1,359
PRC	**64,908**	11,655	**14**	15
Other Asian countries	**6,453**	744	**–**	–
Europe	**1,634**	346	**–**	–
	177,929	38,685	**1,997**	1,374

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

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

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

	2011	2010
	HK$'000	*HK$'000*
Largest customer	**25,682**	7,765
Second largest customer	**–**	7,044
Third largest customer	**–**	6,201

Note: Revenue from above customers is arisen from the business of sale of home electrical appliances, electronic products and related plastic injection components.

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Imputed interest on amount due to former ultimate holding company and immediate holding company	**2,418**	1,918
Finance lease charges	**–**	21
Bank charges	**–**	28
	2,418	1,967

7. PROFIT (LOSS) BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**858**	836
Depreciation of property, plant and equipment	**458**	150
Loss on disposal of property, plant and equipment	**–**	4
Minimum lease payments under operating leases in respect of rented premises	**532**	369
Staff costs		
– directors' remuneration *(note 8)*	**678**	614
– staff salaries and wages	**1,473**	1,736
– retirement benefits scheme contributions	**37**	79
	2,188	2,429
Interest income	**(3)**	(1)

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

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

For the year ended 31 March 2011

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total emoluments *HK$'000*
Executive directors:				
Mr. Suen Cho Hung, Paul	–	120	6	126
Mr. Sue Ka Lok	–	120	6	126
Mr. Li Hiu Ming	–	120	6	126
Mr. Poon Hor On	–	120	–	120
Independent non-executive directors:				
Mr. Chan Kwong Fat, George	60	–	–	60
Mr. Siu Hi Lam, Alick	60	–	–	60
Mr. To Yan Ming, Edmond	60	–	–	60
	180	480	18	678

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

For the year ended 31 March 2010

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

In the year ended 31 March 2010, one director waived emoluments of HK$74,000, which is excluded in above emoluments. No directors waived any emoluments in the year ended 31 March 2011.

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees

The five highest paid individuals of the Group included nil (2010: one) director. The emoluments of the five (2010: four) highest paid employees are as follows:

	2011	2010
	HK$'000	*HK$'000*
Salaries and allowances	**1,418**	1,259
Retirement benefits scheme contributions	**49**	39
	1,467	1,298

Emoluments of these employees were within the following band:

	Number of employees	
	2011	2010
Nil – HK$1,000,000	**5**	4

9. TAXATION

	2011	2010
	HK$'000	*HK$'000*
The (charge) credit comprised:		
Hong Kong Profits Tax	**(960)**	(7)
PRC Enterprise Income Tax	**(523)**	(24)
Deferred taxation *(note 18)*	**20**	(98)
	(1,463)	(129)

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

PRC Enterprise Income Tax is calculated at 25% (2010: 25%) of assessable profits for the year.

9. TAXATION (CONTINUED)

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2009 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Whereas, dividend distributed out of the profits generated thereafter, shall be subject to the Enterprise Income Tax at 5% or 10% and withheld by the PRC entities, pursuant to Articles 3 and 27 of the New Law and Article 91 of its Detailed Implementation Rules. No deferred tax liability on the undistributed profits earned during the years ended 31 March 2011 and 2010 has been recognised because the Group plans to retain the undistributed profit for daily operation and future development.

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

	2011 ***HK$'000***	2010 *HK$'000*
Profit (loss) before taxation	**7,690**	(5,396)
Tax (charge) credit at the domestic income tax rate of 16.5% (2010: 16.5%)	**(1,269)**	890
Tax effect of expenses that are not deductible for taxation purposes	**(396)**	(679)
Tax effect of income that is not taxable for taxation purposes	**119**	398
Tax effect of tax losses not recognised	**–**	(727)
Effect of different tax rates	**(173)**	(11)
Utilisation of tax losses previously not recognised	**221**	–
Others	**35**	–
Taxation charge for the year	**(1,463)**	(129)

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2011, nor has any dividend been proposed since the end of the reporting period (2010: nil).

11. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$5,833,000 (2010: loss for the year of HK$5,546,000) and on the number of 4,852,000,000 (2010: 4,852,000,000) ordinary shares in issue during the year.

No diluted earnings (loss) per share has been presented because there is no outstanding potential dilutive ordinary shares as at 31 March 2011 and 2010.

12. PROPERTY, PLANT AND EQUIPMENT

	Moulds HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000
COST						
At 1 April 2009	–	–	–	459	–	459
Additions	635	466	13	–	22	1,136
Disposals	–	(9)	–	(459)	–	(468)
At 31 March 2010	635	457	13	–	22	1,127
Additions	620	7	–	–	30	657
At 31 March 2011	1,255	464	13	–	52	1,784
DEPRECIATION						
At 1 April 2009	–	–	–	170	–	170
Provided for the year	43	20	–	86	1	150
Eliminated on disposals	–	(1)	–	(256)	–	(257)
At 31 March 2010	43	19	–	–	1	63
Provided for the year	331	115	3	–	9	458
At 31 March 2011	374	134	3	–	10	521
CARRYING VALUES						
At 31 March 2011	881	330	10	–	42	1,263
At 31 March 2010	592	438	13	–	21	1,064

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

Moulds	30%
Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	20 – 25%
Computer equipment	25%

13. INVENTORIES

	2011 HK$'000	2010 HK$'000
Finished goods	**378**	439

14. TRADE AND OTHER RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade debtors	**62,561**	17,252
Trade deposits paid	**1,043**	728
Sundry debtors and prepayments	**3,446**	2,194
	67,050	20,174

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

	2011 HK$'000	2010 HK$'000
0 – 60 days	**32,850**	11,622
61 – 120 days	**23,462**	4,745
121 – 180 days	**5,362**	885
181 – 240 days	**887**	–
	62,561	17,252

Trade debts which were settled by letters of credit were due at sight or in accordance with the respective terms of the letters of credit normally ranging from 30 to 90 days. For other trade debts, the Group provided a credit period normally ranging from 30 to 120 days to its customers. Before accepting any new customers, the management will internally assess the credit quality of the potential customer and define appropriate credit limits. The management has assessed the credit quality of trade debtors that are neither past due nor impaired and considered no impairment is necessary in view of their good repayment history and low default rates.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the Group's trade debtors as at 31 March 2011 were debtors with aggregate carrying amount of HK$3,553,000 (2010: HK$3,317,000) which were past due at the end of the reporting period for which the Group had not provided for impairment loss as the Group considered that the default risk was low after assessing the past payment history of the debtors and settlement after the end of the reporting period. The Group did not hold any collateral over these balances.

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

	2011	2010
	HK$'000	*HK$'000*
91 – 180 days	**3,553**	3,317

15. BANK BALANCES AND CASH

The bank balances carry at prevailing market deposit rate which range from 0.01% to 0.40% (2010: 0.01% to 0.36%) per annum.

16. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade creditors	**54,166**	13,284
Trade deposits received	**808**	2,057
Other payables and accruals	**2,983**	3,047
	57,957	18,388

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

	2011	2010
	HK$'000	*HK$'000*
0 – 60 days	**47,282**	13,284
61 – 180 days	**4,781**	–
Over 180 days	**2,103**	–
	54,166	13,284

The credit period on purchases of goods is ranged from 60 to 120 days.

17. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

During the year ended 31 March 2011, the Company has drawn down under a loan facility granted by Long Channel for a sum of HK$2,500,000 (2010: HK$17,500,000) with aggregated principal amount up to HK$20,000,000. The loan facility is unsecured, interest 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.

The fair value of the amount drawdown of HK$2,500,000 (2010: HK$17,500,000) at initial recognition, amounting to HK$2,374,000 (2010: HK$16,096,000), was determined based on the present value of the estimated future cash flows discounted using an interest rate of 7.0% (2010: 7.1%), which was similar to the latest effective interest rate of bank borrowings with similar terms. The difference of approximately HK$126,000 (2010: HK$1,404,000) between its present value and carrying amount on its inception date was recognised as a fair value adjustment on amount due to immediate holding company with a corresponding entry in equity as deemed capital contribution.

On 30 September 2010, Long Channel agreed with the Group to extend the repayment dates of the entire outstanding balances from 1 April 2011 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 (2010: HK$2,226,000) between their present value and carrying amount on the date of extension was recognised as a deemed capital contribution from immediate holding company.

At 31 March 2011, the outstanding balances are unsecured and repayable on 1 April 2012 (2010: 1 April 2011). Except for the advances with carrying amount of HK$11,393,000 (2010: HK$11,388,000) (the principal amount of HK$12,170,000 (2010: HK$12,170,000)) which are interest free, the remaining balances are interest bearing at a fixed rate of 1% per annum.

18. DEFERRED TAXATION

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

	Accelerated tax depreciation *HK$'000*
At 1 April 2009	22
Charge to profit or loss	98
At 31 March 2010	120
Credit to profit or loss	(20)
At 31 March 2011	100

The Group has not recognised deferred tax asset in respect of tax losses of HK$10,317,000 (2010: HK$11,656,000) due to the unpredictability of future profit streams. All the tax losses can be carried forward indefinitely.

19. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.0005 each at 1 April 2009, 31 March 2010 and 31 March 2011	200,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.0005 each at 1 April 2009, 31 March 2010 and 31 March 2011	4,852,000,000	2,426

20. SHARE OPTION SCHEME

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

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

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

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

No options were granted or exercised during the years ended 31 March 2010 and 2011 and no share options were outstanding as at 31 March 2010 and 2011.

21. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes amount due to immediate holding company disclosed in note 17 and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

22. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011	2010
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**74,404**	24,354
Financial liabilities		
Financial liabilities at amortised cost	**90,481**	45,492

Financial risk management objectives and policies

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

22. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Currency risk

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

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

	2011		2010	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Renminbi ("RMB")	**5,718**	**4,434**	1	4,545
United States dollars ("USD")	**6,152**	**4,891**	7,435	7,637
European dollars ("EUR")	**–**	**–**	92	87

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

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in HKD against the relevant foreign currencies other than USD (under the linked exchange rate system, the financial impact on foreign exchange difference between HKD and USD is expected to be immaterial and therefore no sensitivity analysis has been prepared). 5% is the sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates.

During the year ended 31 March 2011, a negative number indicates a decrease in profit for the year when HKD strengthens 5% against the relevant foreign currencies. For a 5% weakening of HKD against the relevant currency, there would be an equal but opposite impact on the profit for the year.

22. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Currency risk (continued)

Sensitivity analysis (continued)

During the year ended 31 March 2010, a positive (negative) number indicates a decrease (increase) in loss for the year when HKD strengthens 5% against the relevant foreign currencies. For a 5% weakening of HKD against the relevant currency, there would be an equal but opposite impact on the loss for the year.

	2011	2010
	HK$'000	*HK$'000*
RMB		
Profit for the year (2010: loss for the year)	**(53)**	227
EUR		
Profit for the year (2010: loss for the year)	**–**	(1)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate amount due to immediate holding company (see note 17 for details of amount due to immediate holding company) as at 31 March 2011.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances (see note 15 for details of these deposits). The management considers the Group's exposure of the short-term bank deposits to interest rate risk is not significant.

Credit risk

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

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out searches on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

22. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Credit risk (continued)

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

The Group's concentration of credit risk on trade receivables by geographical location was mainly in Hong Kong. The trade debtors located in Hong Kong, which are mainly engaged in the business of sale of home electrical appliances, electronic products and related plastic injection components, accounted for 73% (2010: 62%) of the Group's total trade debtors. The Group also had concentration of credit risk by customers as 14% and 29% (2010: 35.2% and 52.8%) of the total debtors were due from the Group's largest customer and the three largest customers respectively. In the opinion of the directors, the three largest customers are well-established customers with good credibility.

Liquidity risk

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

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

22. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity table

	Effective interest rate	Less than 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2011					
Trade and other payables	–	55,107	–	55,107	55,107
Amount due to immediate holding company	7.0	–	37,447	37,447	35,374
		55,107	37,447	92,554	90,481
At 31 March 2010					
Trade payables	–	13,284	–	13,284	13,284
Amount due to immediate holding company	7.1	–	34,792	34,792	32,208
		13,284	34,792	48,076	45,492

Fair values

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

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

23. WINDING UP OF A SUBSIDIARY

In September 2009, the directors of the Company considered that the losses of BEP Management Services Limited ("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.

23. WINDING UP OF A SUBSIDIARY (CONTINUED)

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 consolidated financial statements of the Group up to 22 September 2009. The consolidated income statement presented a gain on winding up of HK$2,142,000. Details of the winding up of BEPMS are set out below:

	2011	2010
	HK$'000	*HK$'000*
Trade and other receivables	**–**	1
Amount due from a group company	**–**	133
Trade and 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
	–	–

24. OPERATING LEASE COMMITMENTS

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

	2011	2010
	HK$'000	*HK$'000*
Within one year	**62**	60

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for an average term of one year (2010: one year) and rentals are fixed over the lease terms.

25. CAPITAL COMMITMENTS

	2011 HK$'000	2010 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	234	310

26. RETIREMENT BENEFITS SCHEME

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

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

27. RELATED PARTY TRANSACTIONS

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 Mr. Suen Cho Hung, Paul ("Mr. Suen"), a director and the ultimate beneficial owner of the controlling shareholder of the Company, for a consideration of HK$1. During the year ended 31 March 2011, the Group recorded a gain on disposal of subsidiaries of HK$1.

During the year ended 31 March 2011, the Group paid rental expense, management fee and air-conditioning charge at a total amount of HK$480,000 (2010: HK$80,000) to a related company in which Mr. Suen has beneficial interest.

During the year ended 31 March 2010, the Group purchased property, plant and equipment of HK$457,000 (2011: nil) from a related company in which Mr. Suen has beneficial interest.

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

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

	2011	2010
	HK$'000	*HK$'000*
Short-term employee benefits	**2,078**	1,846
Post-employment benefits	**67**	66
	2,145	1,912

28. NON-CASH TRANSACTION

During the year ended 31 March 2010, advance from former ultimate holding company amounted to HK$1,240,000 was being waived.

29. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Attributable equity interest to the Group		Principal activities
			2011	2010	
Better Electrical Products Company Limited	BVI/Hong Kong	US$50,000	**–**	100%	Investment holding
BEP Corporate Services Limited	Hong Kong	HK$1	**100%**	100%	Provision of management services
BEP Enterprises Limited *(Note (i))*	Samoa/Hong Kong	US$1	**100%**	100%	Investment holding
BEP International Trading Limited *(Note (i))*	Samoa/Hong Kong	US$1	**100%**	100%	Investment holding

29. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Attributable equity interest to the Group		Principal activities
			2011	2010	
Better Business Services Limited	Hong Kong	HK$1	**100%**	100%	Provision of management services
May Wilson Investment Co. Ltd. *(Note (i))*	BVI/Hong Kong	US$100	**92%**	92%	Investment holding
May Wilson Plastics and Electronics (HK) Co. Limited	Hong Kong	HK$1	**92%**	92%	Sale of home electrical appliances, electronic products and related plastic injection components
Neo Computer International Co. Limited	Hong Kong	HK$1	**92%**	92%	Sourcing and sale of computer and related products
Smart Luck Trading Limited	Hong Kong	HK$100	**100%**	100%	Distribution and sale of electronic consumer products
Top Splendor International Development Limited *(Note (i))*	BVI/Hong Kong	US$100	**100%**	100%	Investment holding
Smarty Code Limited *(Note (i))*	BVI/Hong Kong	US$1	**100%**	–	Investment holding
Smart Red Limited	BVI/Hong Kong	US$1	**100%**	–	Investment holding
智多貿易(深圳)有限公司*(Note (ii))*	PRC	HK$8,000,000 (Registered)	**100%**	100%	Distribution and sale of electronic consumer products

29. SUBSIDIARIES (CONTINUED)

Notes:

(i) These companies are directly held by the Company.

(ii) The company was established in the PRC in the form of wholly foreign-owned enterprise.

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

30. ACQUISITION OF SUBSIDIARIES

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 and its subsidiaries ("the MWH Group") for a cash consideration of HK$6,000,000. The principal activities of the MWH Group are the manufacturing and trading of plastic products and home electrical appliances. The completion of the acquisition is subject to the fulfillment of certain conditions announced on 15 October 2010. The completion of the acquisition is further subject to the Company having obtained the approval by the Stock Exchange in principle for the resumption of trading in the Company's shares on the Stock Exchange. Up to the date of approval of the consolidated financial statements, the acquisition is not yet completed.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2007	2008	2009	2010	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	385,393	345,331	79,806	38,685	**177,929**
Profit (loss) before taxation	13,847	(41,996)	(36,318)	(5,396)	**7,690**
Taxation	(364)	6,040	(611)	(129)	**(1,463)**
Profit (loss) for the year	13,483	(35,956)	(36,929)	(5,525)	**6,227**
Non-controlling interests	–	–	–	(21)	**(394)**
Profit (loss) attributable to owners of the Company for the year	13,483	(35,956)	(36,929)	(5,546)	**5,833**

	At 31 March				
	2007	2008	2009	2010	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	133,761	119,226	3,983	28,089	**80,268**
Total liabilities	(83,065)	(93,498)	(25,998)	(50,747)	**(94,505)**
Non-controlling interests	–	–	–	(21)	**(415)**
	50,696	25,728	(22,015)	(22,679)	**(14,652)**
Equity (capital deficiency) attributable to owners of the Company	50,696	25,728	(22,015)	(22,679)	**(14,652)**