BEP INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2326)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

FINAL RESULTS

The Board of Directors (the "Board") of BEP International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011 together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	3	**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	4	**(2,418)**	(1,967)
Gain on winding-up a subsidiary		**–**	2,142
Profit (loss) before taxation	5	**7,690**	(5,396)
Taxation	6	**(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	8	**0.12**	(0.11)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011	2010
	HK$'000	*HK$'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

At 31 March 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000*
Non-current assets			
Property, plant and equipment		**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		**378**	439
Trade and other receivables	9	**67,050**	20,174
Bank balances and cash		**10,843**	6,102
		78,271	26,715
Current liabilities			
Trade and other payables	10	**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	11	**35,374**	32,208
Deferred tax liabilities		**100**	120
		35,474	32,328
Net liabilities		**(14,237)**	(22,658)
Capital and reserves			
Share capital		**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)

Notes:

1. 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 Investments Limited ("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.

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. 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.

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.

2. 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.

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.

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to the chief operating decision maker, chief executive officer of the Group, for the 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	**Distribution and sale of electronic consumer products**	**Sourcing and sale of computer and related products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'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**

For the year ended 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*
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. Segment revenue and segment profit comprises turnover from external customers and gross profit less selling and distribution costs of each segment respectively.

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**

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.

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.

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.

4. 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

5. 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	**678**	614
– staff salaries and wages	**1,473**	1,736
– retirement benefits scheme contributions	**37**	79
	2,188	2,429
Interest income	**(3)**	(1)

6. 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	**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.

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 profits 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	2010
	HK$'000	*HK$'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)

7. 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).

8. 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.

9. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'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	2010
	HK$'000	*HK$'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.

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

10. 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.

11. 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 loan 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.

MODIFICATION TO THE INDEPENDENT AUDITOR'S REPORT

The audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2011 has been modified and is extracted as follows:

"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."

FINAL DIVIDEND

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

BUSINESS REVIEW AND PROSPECTS

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 authorized sales agent for two premium Japanese brand imaging products in 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 realized 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, 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.

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 BEP (China), 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.

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, the Board is optimistic that the Group will continue to perform well in terms of turnover and profit growth in the years ahead.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange for the year ended 31 March 2011.

AUDIT COMMITTEE

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.

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.

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.

By Order of the Board
Sue Ka Lok
Chief Executive Officer

Hong Kong, 27 May 2011

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Li Hiu Ming and Mr. Poon Hor On as Executive Directors and Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. To Yan Ming, Edmond as Independent Non-executive Directors.