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BEP INTERNATIONAL HOLDINGS LIMITED

百靈達國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2326)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

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 2012 together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000
Turnover	3	257,507	177,929
Cost of sales		(231,571)	(160,989)
Gross profit		25,936	16,940
Other income		642	1,038
Selling and distribution costs		(1,658)	(1,265)
Administrative expenses		(8,458)	(6,605)
Finance costs	4	(2,414)	(2,418)
Profit before taxation	5	14,048	7,690
Taxation	6	(2,992)	(1,463)
Profit for the year		<u>11,056</u>	<u>6,227</u>
Attributable to:			
Owners of the Company		10,301	5,833
Non-controlling interests		755	394
		<u>11,056</u>	<u>6,227</u>
		HK cent	HK cent (Restated)
Earnings per share – Basic	8	<u>0.74</u>	<u>0.42</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012 HK\$'000	2011 <i>HK\$'000</i>
Profit for the year	11,056	6,227
Other comprehensive income for the year:		
Exchange differences arising on translation of foreign operations	299	232
Total comprehensive income for the year	11,355	6,459
Total comprehensive income for the year attributable to:		
Owners of the Company	10,600	6,065
Non-controlling interests	755	394
	11,355	6,459

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Property, plant and equipment		1,145	1,263
Deposits paid for acquisition of subsidiaries		500	500
Deposits paid for property, plant and equipment		–	234
		<u>1,645</u>	<u>1,997</u>
Current assets			
Inventories		399	378
Trade and other receivables	9	85,115	67,050
Bank balances and cash		13,677	10,843
		<u>99,191</u>	<u>78,271</u>
Current liabilities			
Trade and other payables	10	63,138	57,957
Amount due to immediate holding company	11	37,815	–
Tax payable		2,688	1,074
		<u>103,641</u>	<u>59,031</u>
Net current (liabilities) assets		<u>(4,450)</u>	<u>19,240</u>
Total assets less current liabilities		<u>(2,805)</u>	<u>21,237</u>
Non-current liabilities			
Amount due to immediate holding company	11	–	35,374
Deferred tax liabilities		77	100
		<u>77</u>	<u>35,474</u>
Net liabilities		<u>(2,882)</u>	<u>(14,237)</u>
Capital and reserves			
Share capital		2,426	2,426
Reserves		(6,478)	(17,078)
Capital deficiency attributable to owners of the Company		(4,052)	(14,652)
Non-controlling interests		1,170	415
Deficiency of shareholders' equity		<u>(2,882)</u>	<u>(14,237)</u>

Notes:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Going concern basis

In preparing the consolidated financial statements of the Group, 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 current liabilities exceeded its current assets by HK\$4,450,000 and its total liabilities exceeded its total assets by HK\$2,882,000 as at 31 March 2012. Subsequent to 31 March 2012, the directors of the Company have taken the actions of open offer (see Note 12(b)) and loan capitalization of amount due to immediate holding company (see Note 12(c)) to improve the liquidity position of the Group. Based on those actions, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

(b) Subsidiary deconsolidated

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, 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 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 and assets of BEP (China) were sealed by 深圳寶安區人民法院 (the "Baoan People's Court") since 26 October 2008.

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 and assets of BEP (China) were sealed by 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 (the "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 for 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 sealed 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 held a 100% equity interests in BEP (China). It was no longer regarded as a subsidiary of the Group since the premises and assets of BEP (China) had been sealed 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 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.

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 (equivalent to 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).

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 controlled by the ultimate 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle ²
Amendments to HKAS 1	Presentation of items of other comprehensive income ⁴
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets ¹
HKAS 19 (as revised in 2011)	Employee benefits ²
HKAS 27 (as revised in 2011)	Separate financial statements ²
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ⁶
Amendments to HKFRS 7	Disclosures – Transfers of financial assets ³
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ⁵
HKFRS 9	Financial instruments ⁵
HKFRS 10	Consolidated financial statements ²
HKFRS 11	Joint arrangements ²
HKFRS 12	Disclosure of interests in other entities ²
HKFRS 13	Fair value measurement ²
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine ²

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

² Effective for annual periods beginning on or after 1 January 2013.

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

⁴ Effective for annual periods beginning on or after 1 July 2012.

⁵ Effective for annual periods beginning on or after 1 January 2015.

⁶ Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the Group’s financial performance and positions.

3. TURNOVER AND SEGMENT INFORMATION

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

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

Information regarding the above segments is reported below.

Segment revenue and results

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

For the year ended 31 March 2012

	Sale of home electrical appliances, electronic products and related plastic injection components <i>HK\$'000</i>	Distribution and sale of electronic consumer products <i>HK\$'000</i>	Sourcing and sale of computer and related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>94,562</u>	<u>55,795</u>	<u>107,150</u>	<u>257,507</u>
Results				
Segment profit	<u>10,254</u>	<u>3,196</u>	<u>10,828</u>	24,278
Unallocated income				642
Unallocated expenses				<u>(10,872)</u>
Profit before taxation				<u>14,048</u>

For the year ended 31 March 2011

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

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 2012

	Sale of home electrical appliances, electronic products and related plastic injection components <i>HK\$'000</i>	Distribution and sale of electronic consumer products <i>HK\$'000</i>	Sourcing and sale of computer and related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Segment assets	<u>39,711</u>	<u>9,060</u>	<u>37,125</u>	85,896
Unallocated assets				<u>14,940</u>
Consolidated total assets				<u>100,836</u>
Liabilities				
Segment liabilities	<u>31,095</u>	<u>797</u>	<u>28,850</u>	60,742
Unallocated liabilities				<u>42,976</u>
Consolidated total liabilities				<u>103,718</u>

At 31 March 2011

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

Note: Segment assets comprise property, plant and equipment, inventories, trade and sundry debtors and trade deposits paid of each segment, while segment liabilities comprise trade creditors, other payables 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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Addition to non-current assets (<i>note</i>)	474	1,391
Depreciation	<u>592</u>	<u>458</u>

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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Home electrical appliances, electronic products and related plastic injection components	94,562	82,557
Consumer imaging products	55,795	40,508
Computers and related products and accessories	107,150	54,864
	<u>257,507</u>	<u>177,929</u>

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	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Hong Kong	178,234	104,934	1,635	1,983
PRC	66,993	64,908	10	14
Other Asian countries	10,253	6,453	–	–
Europe	2,000	1,634	–	–
Other	27	–	–	–
	<u>257,507</u>	<u>177,929</u>	<u>1,645</u>	<u>1,997</u>

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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Largest customer ¹	60,820	25,682
Second largest customer ²	29,770	–
Third largest customer ²	28,378	–

Notes:

¹ Revenue from the above customer is arisen from the business of sourcing and sale of computer and related products (2011: the business of sale of home electrical appliances, electronic products and related plastic injection components).

² Revenue from above customers is arisen from the business of sale of home electrical appliances, electronic products and related plastic injection components. There is no revenue from other customers contributed over 10% of the total sales of the Group during the year ended 31 March 2011.

4. FINANCE COSTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest on amount due to immediate holding company	2,414	2,418

5. PROFIT BEFORE TAXATION

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Staff costs		
– directors' remuneration	678	678
– other staff salaries and wages	3,435	2,474
– retirement benefits scheme contributions (excluding directors)	107	85
	4,220	3,237
Auditor's remuneration	999	858
Depreciation of property, plant and equipment	592	458
Minimum lease payments under operating leases in respect of rented premises	558	532
Interest income	(6)	(3)

6. TAXATION

	2012	2011
	HK\$'000	HK\$'000
The (charge) credit comprised:		
Current tax:		
Hong Kong Profits Tax	(2,295)	(960)
PRC Enterprise Income Tax	(720)	(523)
	(3,015)	(1,483)
Deferred taxation	23	20
	(2,992)	(1,463)

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the year.

PRC Enterprise Income Tax is calculated at 25% (2011: 25%) of assessable profit 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. No deferred tax liability on the undistributed profits earned during the years ended 31 March 2012 and 2011 has been recognized because the Group plans to retain the undistributed profits for daily operation and future development.

7. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

8. EARNINGS 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\$10,301,000 (2011: HK\$5,833,000) and on the number of 1,399,615,385 (2011 (restated): 1,399,615,385) ordinary shares during the year.

The number of ordinary shares for both years for the purposes of calculating basic earnings per share has been adjusted for (i) the share consolidation of every four shares into one share which became effective on 13 April 2012 (see Note 12(a)); and (ii) the completion of open offer on 16 May 2012 (see Note 12(b)). As a consequence, the amount of basic earnings per share for the year ended 31 March 2011 has been restated from HK0.12 cent to HK0.42 cent.

No diluted earnings per share has been presented because there is no outstanding potential ordinary shares as at 31 March 2012 and 2011 and during both years.

9. TRADE AND OTHER RECEIVABLES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade debtors	77,358	62,561
Trade deposits paid	4,917	1,043
Sundry debtors and prepayments	2,840	3,446
	<hr/>	<hr/>
	85,115	67,050
	<hr/> <hr/>	<hr/> <hr/>

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 – 60 days	48,554	32,850
61 – 120 days	17,881	23,462
121 – 180 days	4,929	5,362
181 – 365 days	5,994	887
	<hr/>	<hr/>
	77,358	62,561
	<hr/> <hr/>	<hr/> <hr/>

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 180 days (2011: 30 to 120 days) to its customers.

10. TRADE AND OTHER PAYABLES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade creditors	58,106	54,166
Trade deposits received	1,380	808
Other payables and accruals	3,652	2,983
	<hr/>	<hr/>
	63,138	57,957
	<hr/> <hr/>	<hr/> <hr/>

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

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 60 days	37,700	47,282
61 – 120 days	13,975	3,134
121 – 180 days	1,516	1,647
181 – 365 days	4,915	2,103
	<hr/> 58,106 <hr/>	<hr/> 54,166 <hr/>

The credit period on purchases of goods is ranged from 60 to 180 days (2011: 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 Investments Limited (“Long Channel”) for a sum of HK\$2,500,000 (2012: nil). 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 at initial recognition, amounting to HK\$2,374,000, was determined based on the present value of the estimated future cash flows discounted using an interest rate of 7.0% per annum, which was similar to the latest effective interest rate of bank borrowings. The difference of approximately HK\$126,000 between its present value and carrying amount on its inception date was recognized as a fair value adjustment on amount due to immediate holding company in equity.

On 30 September 2010, Long Channel agreed with the Group to extend the repayment dates of the entire outstanding balance to 1 April 2012. The Group recalculated the carrying amount of the balance by computing its present value of estimated future cash flows at original effective interest rate. The difference of approximately HK\$1,836,000 between its present value and carrying amount on the date of extension was recognized as a deemed capital contribution from immediate holding company during the year ended 31 March 2011.

At 31 March 2012, the outstanding balance is unsecured and repayable on 1 April 2012 (2011: 1 April 2012). Except for the advance with carrying amount of HK\$12,168,000 (2011: HK\$11,393,000) (the principal amount of HK\$12,170,000 (2011: HK\$12,170,000)) which is interest free, the remaining balance is interest bearing at a fixed rate of 1% (2011: 1%) per annum. Subsequent to 31 March 2012, the outstanding balance has been capitalized and repaid (see Note 12(c)).

12. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to 31 March 2012:

- (a) A shareholders' resolution was passed on 12 April 2012 to approve the consolidation of every four issued and unissued ordinary shares of par value HK\$0.0005 each in the share capital of the Company into one ordinary share of par value HK\$0.002 each ("New Share"). The New Shares rank pari passu in all respects with each other in accordance with the Memorandum of Association and Bye-laws of the Company. After the completion of share consolidation, the authorised share capital of the Company remains at HK\$100,000,000 but comprises 50,000,000,000 New Shares of HK\$0.002 each, of which 1,213,000,000 New Shares of HK\$0.002 each have been issued.
- (b) Completion of the open offer took place on 16 May 2012. The Company raised gross proceeds of HK\$116,448,000 by way of an open offer of 606,500,000 offer shares at the subscription price of HK\$0.192 per offer share on the basis of one offer share for every two New Shares.
- (c) A shareholders' resolution was passed on 12 April 2012 to approve the loan capitalization agreement entered into between Long Channel and the Company dated 27 February 2012 in relation to the subscription for 195,907,214 New Shares of HK\$0.002 each in the share capital of the Company at a price of HK\$0.192 per New Share by way of capitalizing a sum of approximately HK\$37,614,000 (including interests accrued up to 31 May 2011) out of the balance of amount due to immediate holding company as of 31 May 2011. Interests on the balance from 1 June 2011 up to the date of the capitalization were repaid in cash.
- (d) 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 (together with its subsidiaries, the "MWH Group") for a cash consideration of HK\$6,000,000. The principal activities of MWH Group are the manufacturing and trading of plastic products and home electrical appliances. Up to 31 March 2012, deposit of HK\$500,000 (2011: HK\$500,000) was paid by the Group. Upon the receipt of the in-principle approval from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the resumption of trading in the Company's shares on the Stock Exchange, the acquisition was completed and the remaining consideration of HK\$5,500,000 was paid on 30 April 2012. As of the date of this announcement, the Group is still in the process of determining the financial effect of the acquisition.

MODIFICATION TO THE INDEPENDENT AUDITOR'S REPORT

The audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2012 has been modified and is extracted as follows:

“Basis for Qualified Opinion on the Profit and Cash Flows

As set out in note 2 (b) to the consolidated financial statements, 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 and assets of BEP (China) were sealed by 深圳寶安區人民法院 (the “Baoan People’s Court”) since 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 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 of 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 2010 are free from material misstatements.

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 controlled by the ultimate controlling shareholder of the Company for a consideration of HK\$1 and recorded a gain on disposal of subsidiaries of HK\$1 for the year ended 31 March 2011. 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 for the year ended 31 March 2011 are free from material misstatements.

Any adjustments that might have been found to be necessary in respect of the above matters would have a significant effect on the Group’s accumulated losses as at 1 April 2010 and on its profit for the year ended 31 March 2011. Our audit opinion on the consolidated financial statements for the year ended 31 March 2011 was modified accordingly. Our opinion on the current year’s consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows is also modified because of the possible effects of these matters on the comparability of the current year’s figures and the corresponding figures.

Qualified Opinion on the Profit and Cash Flows

In our opinion, except for the possible effects on the corresponding figures of the matters described in the Basis for Qualified Opinion on the Profit and Cash Flows paragraphs, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows give a true and fair view of the Group's profit and cash flows for the year ended 31 March 2012 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Opinion on the Financial Position

In our opinion, the consolidated statement of financial position gives a true and fair view of the state of the Group's affairs as at 31 March 2012 in accordance with Hong Kong Financial Reporting Standards and 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 final dividend in respect of the year ended 31 March 2012 (2011: nil).

BUSINESS REVIEW AND PROSPECTS

With all the devoted efforts of the management in seeking for resumption of trading of the Company's shares, the Board is pleased to report that the trading of the Company's shares on the Stock Exchange has resumed since 18 May 2012 after over three years of prolonged suspension. The Board is also delighted to report that the Group continued to perform well and achieve profitable results for the year ended 31 March 2012.

Business Review

For the year under review, the Group reported a profit attributable to owners of the Company of HK\$10,301,000, significantly increased by 77% when comparing to HK\$5,833,000 in last year. During the year, all of the Group's business segments, namely, 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 computers and related products continued to register encouraging business progress by posting an aggregate turnover of HK\$257,507,000, representing a 45% jump compared to HK\$177,929,000 in the previous year. The Group's increased turnover also drove up gross profit to HK\$25,936,000, which grew by 53% comparing to HK\$16,940,000 in last year. The earnings per share for the year attributable to owners of the Company were HK0.74 cent, increased by 76% comparing to last year earnings per share of HK0.42 cent (restated).

With dedicated efforts of the management in developing the businesses of the Group, all three business segments registered encouraging increases in revenue and profitability. In particular, very impressive results were delivered by the Group's sourcing and sale of computers and related products operation by posting revenue of HK\$107,150,000 and segment profit of HK\$10,828,000, representing sharp increases of 95% and 97% respectively over their comparables of HK\$54,864,000 and HK\$5,492,000 in last year. During the year, the Group's computer sourcing and sale operation continued to focus on the sale of notebook and netbook computers and has added the very popular tablet computers to its products list. Computer product distributors in Southeast Asian countries continued to be key customers of the operation for the reasons that the Group's products are very price competitive in these markets. The Group's operation of sale of home electrical appliances, electronic products and related plastic injection components, which offers a wide range of electrical and electronic consumer products, also demonstrated a respective 15% and 30% growth from their last year comparables of HK\$82,557,000 and HK\$7,878,000 by reporting revenue of HK\$94,562,000 and segment profit of HK\$10,254,000. The products offers by this operation are very competitive in terms of quality and pricing and are well received by many of its customers. The Group's distribution and sale of electronic consumer products operation, which continued to focus on the distribution sales of premium Japanese brand imaging products including digital cameras, lenses and accessories, reported revenue of HK\$55,795,000 and segment profit of HK\$3,196,000, which also showing a respective 38% and 39% growth over their comparables of HK\$40,508,000 and HK\$2,305,000 in the previous year. Overall speaking, all three business segments of the Group performed well during the year which contributed to the significant increases of the Group's turnover and profitability.

Prospects

In May 2012, the Company successfully completed an open offer of new shares and raised net proceeds of approximately HK\$114 million, coupled with the effect of the capitalization of loan from the immediate holding company, the financial position of the Group has been substantially strengthened and restored to a net assets position. The new capital raised has also vested with the Group ample financial resources to develop its existing businesses and to capture attractive investment opportunities when they arise.

During the past three years, the Group's businesses have progressively developed into a well balanced and competitive business mix comprises three business segments. This transformation also leads the Group to become a electrical and electronic consumer products group offering a wide range of products with target markets in Southeast Asia and the PRC. In view of the encouraging results the Group has achieved for the year under review, the Board is optimistic about the Group's results for the year ending 31 March 2013. Nevertheless, the slowdown of GDP growth of the PRC economy, the slow recovery of the US economy and the continuation of the sovereign debts crises in Europe may all pose negative impact to the Group's performance and hinder the development and growth of the Group. Against this backdrop, the management is presently taking a cautious and prudent approach in managing the businesses of the Group and evaluating new business opportunities to ensure a stable prospect to shareholders.

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 2012.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2012 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.

By Order of the Board
Sue Ka Lok
Chief Executive Officer

Hong Kong, 20 June 2012

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. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. To Yan Ming, Edmond as Independent Non-executive Directors.

* *For identification purpose only*