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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The Board of Directors (the "Board") of BEP International Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2013 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2013

	Notes	**Six months ended 30 September 2013** *HK$'000* **(unaudited)**	2012 *HK$'000* (unaudited)
Turnover	3	**36,092**	116,722
Cost of sales		**(34,307)**	(104,546)
Gross profit		**1,785**	12,176
Other revenue	4	**2,979**	1,482
Selling and distribution costs		**(1,019)**	(865)
Administrative expenses		**(5,688)**	(4,543)
(Loss)/profit from operations		**(1,943)**	8,250
Finance costs	5(a)	**–**	(37)
(Loss)/profit before taxation	5	**(1,943)**	8,213
Income tax	6	**(2)**	(931)
(Loss)/profit for the period		**(1,945)**	7,282
Attributable to:			
Owners of the Company		**(1,849)**	6,815
Non-controlling interests		**(96)**	467
(Loss)/profit for the period		**(1,945)**	7,282
		HK cent	*HK cent*
(Loss)/earnings per share	8		
Basic and diluted		**(0.09)**	0.37

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss)/profit for the period	**(1,945)**	7,282
Other comprehensive income/(expense) for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries (net of nil tax (2012: nil))	**194**	(125)
Total comprehensive (expense)/income for the period	**(1,751)**	7,157
Attributable to:		
Owners of the Company	**(1,655)**	6,691
Non-controlling interests	**(96)**	466
	(1,751)	7,157

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	At 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**1,884**	2,212
Goodwill		**819**	819
Deferred tax assets		**36**	8
Rental deposit		**–**	337
		2,739	3,376
Current assets			
Inventories		**13,468**	1,204
Tax recoverable		**1,149**	1,149
Trade and other receivables, deposits and prepayments	9	**42,431**	63,159
Cash and cash equivalents		**111,550**	107,489
		168,598	173,001
Current liabilities			
Trade and other payables	10	**16,068**	19,085
Tax payable		**11**	312
		16,079	19,397
Net current assets		**152,519**	153,604
Total assets less current liabilities		**155,258**	156,980
Non-current liabilities			
Deferred tax liabilities		**109**	80
Net assets		**155,149**	156,900
Equity			
Equity attributable to owners of the Company			
Share capital		**4,031**	4,031
Reserves		**149,554**	151,209
		153,585	155,240
Non-controlling interests		**1,564**	1,660
Total equity		**155,149**	156,900

Notes:

1. **BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provision of Appendix 16 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 26 November 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group and the Company.

The application of these new and revised HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior period and/or on the disclosures set out in these condensed consolidated financial statements except for those described below.

Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

The Group has not applied the new and revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sale of home electrical appliances, electronic products and related plastic injection components	**21,862**	21,849
Distribution and sale of electronic consumer products	**2,532**	23,224
Sourcing and sale of computer and related products	**11,698**	71,649
	36,092	116,722

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief executive officer (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Information regarding the Group's reportable segments as provided to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance for the period ended 30 September 2013 and 2012 is set out below:

	Six months ended 30 September 2013 (unaudited)			
	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***
Reportable segment revenue from external customers	**21,862**	**2,532**	**11,698**	**36,092**
Reportable segment profit	**643**	**67**	**56**	**766**

	Six months ended 30 September 2012 (unaudited)			
	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*
Reportable segment revenue from external customers	21,849	23,224	71,649	116,722
Reportable segment profit	867	1,423	9,021	11,311

There are no inter-segment sales for the six months ended 30 September 2013 and 2012.

The measure used for reporting segment profit is gross profit less selling and distribution costs of each segment.

The following table presents segment assets and segment liabilities of the Group's operating segments as at 30 September 2013 and 31 March 2013:

	At 30 September 2013 (unaudited)			
	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***
Reportable segment assets	**17,513**	**1,935**	**29,975**	**49,423**
Reportable segment liabilities	**7,366**	**1,135**	**6,747**	**15,248**

	At 31 March 2013 (audited)			
	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*
Reportable segment assets	14,902	1,325	39,204	55,431
Reportable segment liabilities	10,611	604	8,142	19,357

Reconciliation of reportable segment profit:

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Total reportable segment profit derived from the Group's external customers	**766**	11,311
Other revenue	**2,979**	1,482
Depreciation of reportable segment not included in measurement of segment profit	**(227)**	(292)
Finance costs	**–**	(37)
Unallocated head office and corporate expenses		
– Deprecation	**(67)**	(64)
– Staff costs (including directors' emoluments)	**(3,250)**	(2,168)
– Others	**(2,144)**	(2,019)
Consolidated (loss)/profit before taxation	**(1,943)**	8,213

4. OTHER REVENUE

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income on bank deposits	**449**	446
Interest income on loans receivable	**2,108**	445
Total interest income on financial assets not at fair value through profit or loss	**2,557**	891
Loan handling income	**45**	–
Sundry income	**222**	329
Rental income	**155**	262
	2,979	1,482

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging the followings:

(a) Finance costs

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on amount due to immediate holding company	**–**	37
Total interest expense on financial liabilities not at fair value through profit or loss	**–**	37

(b) Staff costs (including directors' emoluments)

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Salaries, wages and other benefits	**6,745**	4,863
Contributions to defined contribution retirement plans	**291**	98
	7,036	4,961

(c) Other items

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories#	**34,307**	104,546
Depreciation for property, plant and equipment	**370**	450
Operating lease charges: minimum lease payments	**1,350**	1,195
Net foreign exchange loss	**78**	3

Cost of inventories, representing carrying amount of inventories sold, includes HK$4,321,000 (2012: HK$3,012,000) relating to staff costs, depreciation and operating lease charges for the period ended 30 September 2013 which amounts are also included in the respective total amounts disclosed separately in notes 5(b) and (c) for each of these types of expenses.

6. INCOME TAX

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax		
– Hong Kong Profits Tax *(note (i))*	**–**	860
– The People's Republic of China (the "PRC") Enterprise Income Tax ("EIT") *(note (ii))*	**2**	332
	2	1,192
Over-provision in respect of prior years		
– Hong Kong Profits Tax	**–**	(261)
Deferred tax		
– Origination and reversal of temporary differences	**–**	–
Total	**2**	931

Notes:

(i) No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the six months ended 30 September 2013 (2012: provision for Hong Kong Profits Tax was calculated at 16.5% of estimated assessable profits for the period).

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2012: 25%).

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 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. Dividend distributed out of the profits generated thereafter shall be subject to the EIT at 5% or 10% and withheld by the PRC entities.

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa and the British Virgin Islands for the six months ended 30 September 2013 and 2012.

7. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2013. The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: nil).

8. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of HK$1,849,000 (2012: profit of HK$6,815,000) and the weighted average number of 2,015,407,214 ordinary shares (2012: 1,860,618,011 ordinary shares) in issue during the period.

b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is same as the basic (loss)/earnings per share as there were no potential ordinary shares outstanding during the six months ended 30 September 2013 and 2012.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2013 *HK$'000* (unaudited)	At 31 March 2013 *HK$'000* (audited)
Trade receivables *(note)*	**17,785**	42,384
Less: Allowance for doubtful debts	**–**	–
	17,785	42,384
Other receivables	**901**	669
Loans receivable	**15,250**	12,500
Loans and receivables	**33,936**	55,553
Trade deposits paid	**7,784**	6,912
Other deposits and prepayments	**711**	1,031
	42,431	63,496
Representing:		
Current	**42,431**	63,159
Non-current	**–**	337
	42,431	63,496

Note:

The aging analysis of trade receivables, based on the invoice date, and net of allowance for impairment loss is as follows:

	At 30 September 2013 *HK$'000* (unaudited)	At 31 March 2013 *HK$'000* (audited)
0 – 60 days	**8,212**	8,558
61 – 120 days	**482**	6,486
121 – 180 days	**5**	211
Over 180 days	**9,086**	27,129
	17,785	42,384

Trade receivables are due within 30 to 180 days from the date of billing (31 March 2013: 30 to 180 days).

10. TRADE AND OTHER PAYABLES

	At 30 September 2013 *HK$'000* (unaudited)	At 31 March 2013 *HK$'000* (audited)
Trade payables *(note)*	**9,873**	13,521
Accruals and other payables	**5,081**	5,213
Financial liabilities measured at amortised cost	**14,954**	18,734
Trade deposits received	**1,114**	351
	16,068	19,085

Note:

The following is an analysis of trade payables by age presented based on the invoice date at the end of the reporting period:

	At 30 September 2013 *HK$'000* (unaudited)	At 31 March 2013 *HK$'000* (audited)
0 – 60 days	**9,084**	1,020
61 – 120 days	**607**	770
121 – 180 days	**105**	241
Over 180 days	**77**	11,490
	9,873	13,521

11. MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

a) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	**594**	1,217
Post-employment benefits	**23**	70
	617	1,287

Total remuneration is included in "staff costs" (see note 5(b)).

b) Other transactions

During the period, the Group entered into the following transactions with a related party that is not a member of the Group:

	Amount paid to the related party Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
An entity which is controlled by the ultimate controlling shareholder of the Group		
– rental expense	**343**	210
– building management fee	**27**	18
– air-conditioning charge	**20**	12
	390	240

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: nil).

OPERATIONS REVIEW

For the six months ended 30 September, 2013, the Group posted a turnover and gross profit of HK$36,092,000 (30 September 2012: HK$116,722,000) and HK$1,785,000 (30 September 2012: HK$12,176,000) respectively, showing decrease of 69% and 85% from their comparables in the previous period. The significant declines in the Group's turnover and gross profit were mainly attributed to the considerable drop in sales of computer and digital imaging products during the review period, and on the backdrop that the challenging business environment faced by the Group had squeezed up profit margin. The decreases in the Group's turnover and gross profit also led to the turnaround of the Group's results. For the period under review, the Group recorded a loss attributable to owners of the Company of HK$1,849,000, in contrast to the profit attributable to the Company's owners of HK$6,815,000 in the prior period, and loss per share for the period was HK0.09 cent, whereas earnings per share were HK0.37 cent in the previous period.

During the review period, the Group's sale of home electrical appliances, electronic products and related plastic injection components operation maintained its turnover at HK$21,862,000 (30 September 2012: HK$21,849,000), slightly higher than the previous period. The operation recorded segment profit of HK$643,000 for the review period (30 September 2012: HK$867,000), showing a decline of 26% from the previous period which mainly due to the increase in manufacturing costs of the Group's production plant in the Mainland resulted from the rise of mandated minimum wage, surge in raw material prices and appreciation of Renminbi. In light of the escalating manufacturing costs in the Mainland, the profit margin of the operation is trending down.

The Group's sourcing and sale of computers and related products operation posted turnover of HK$11,698,000 (30 September 2012: HK$71,649,000) and segment profit of HK$56,000 (30 September 2012: HK$9,021,000) respectively, representing significant decrease of 84% and 99% from their comparables in the prior period. Such decreases reflected the declining popularity of netbook and notebook computers, which were the operation's major product lines, and the rising demand of tablet computers and smartphones in the fast changing technology products market in which the Group operates. The operation has expanded its business scope to trading of computer and electronic components during the review period with the view to augment financial performance.

During the review period, the Group's distribution and sale of electronic consumer products operation, which continued to focus on distributing premium Japanese brand imaging products, including digital cameras, lenses and video cameras in the Mainland, was to a considerable extent adversely affected by the aftermath of the "China-Japan Diaoyu Islands Dispute", and the fact that price competition among various Japanese brand imaging products became very intense. The operation reported turnover and segment profit of HK$2,532,000 (30 September 2012: HK$23,224,000) and HK$67,000 (30 September 2012: HK$1,423,000) respectively, declined by 89% and 95% from their comparables in the previous period. The profit margin that could be earned by the operation from distributing imaging products was getting slimmer as price competition was intense and manufacturers were trying to clear off inventories piled up in the past years which also drove down product prices.

FINANCIAL REVIEW

At 30 September 2013, the Group had current assets of HK$168,598,000 (31 March 2013: HK$173,001,000) comprising bank balances of HK$111,550,000 (31 March 2013: HK$107,489,000). The Group's current ratio, calculated based on current assets of HK$168,598,000 (31 March 2013: HK$173,001,000) over current liabilities of HK$16,079,000 (31 March 2013: HK$19,397,000) was at a strong ratio of 10.49 (31 March 2013: 8.92). As part of the Group's treasury management measures, surplus funds are placed with banks as time deposits and where considered appropriate, advanced to third parties on short term basis earning interest income. During the review period, interest income on bank deposits and loans receivable amounted to HK$449,000 (30 September 2012: HK$446,000) and HK$2,108,000 (30 September 2012: HK$445,000) respectively.

At 30 September 2013, the Group's gearing ratio, calculated on the basis of total liabilities of HK$16,188,000 (31 March 2013: HK$19,477,000) divided by total assets of HK$171,337,000 (31 March 2013: HK$176,377,000) was at a low ratio of 0.09 (31 March 2013: 0.11).

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

PROSPECTS

The Group's results for the six months ended 30 September 2013 was adversely affected by various reasons and turnaround into a loss. The industry in which the Group operates can be largely characterised by keen price competition, rapid product change and low entry barrier, as a result, the Group is operating in a very challenging business environment. With ample financial resources on hand, the management is now looking for new business opportunities with better prospects and returns with the view to improve financial performance of the Group. The four new executive directors that recently joined the Company, namely, Mr. Zhang Honghai, Mr. Cheung Ming, Ms. Hu Denger and Mr. Ren Haisheng, who all have extensive corporate management experience and strong business network, will certainly be able to guide and lead the Group to achieve such goal, and to add momentum to the Group's future business development. Looking ahead, the Group will continue to manage its existing businesses in a cautious and prudent manner and will be proactively seizing new business opportunities with bright prospects and good returns aiming to create value to shareholders.

CORPORATE GOVERNANCE

The Company had adopted the principles and complied with all the applicable provisions of the Corporate Governance Code (the "CG Code) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2013, except for the following deviation with reason as explained:

Code provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

Deviation

The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 10 September 2013 (the "2013 AGM") as he had other important business engagement. However, Mr. Sue Ka Lok, an Executive Director and the Chief Executive Officer of the Company, had chaired the 2013 AGM in accordance with bye-law 63 of the Company's Bye-laws.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 September 2013 have not been audited, but have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 September 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Sue Ka Lok
Chief Executive Officer

Hong Kong, 26 November 2013

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Cheung Ming, Mr. Zhang Honghai, Ms. Hu Denger and Mr. Ren Haisheng 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*