THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in BEP International Holdings Limited, you should at once hand this document to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

BEP INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 2326)

RESPONSE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY GT CAPITAL LIMITED ON BEHALF OF LONG CHANNEL INVESTMENTS LIMITED FOR ALL THE ISSUED SHARES IN BEP INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY LONG CHANNEL INVESTMENTS LIMITED, MR. SUEN CHO HUNG, PAUL AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)

Financial Adviser to BEP International Holdings Limited

博大資本國際有限公司
Partners Capital International Limited

Independent Financial Adviser to the independent board committee of BEP International Holdings Limited

粵海證券有限公司
GUANGDONG SECURITIES LIMITED

A letter from the Board is set out on pages 5 to 11 of this document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on page 12 of this document. A letter from Guangdong Securities Limited containing its recommendation in respect of the Offer to the Independent Board Committee is set out on pages 13 to 29 of this document.

30 July 2009

CONTENTS

	2009
Offer commences	Thursday, 16 July
Posting date of the Offer Document	Thursday, 16 July
Posting date of this document	Thursday, 30 July
Latest time for acceptance of the Offer	4:00 p.m. on Thursday, 13 August
Closing date of the Offer *(Note 1)*	Thursday, 13 August
Announcement of the results of the Offer uploaded to the Stock Exchange's website	on or before 7:00 p.m. on Thursday, 13 August
Latest date for posting of remittance for the amount due in respect of valid acceptance of the Offer lodged on or before 4:00 p.m. on the Closing Date *(Note 2)*	Friday, 21 August

Notes:

1. The Offeror reserves its right to revise or extend the Offer in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any revision or extension of the Offer, which will state the next closing date.

2. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn unless the Executive requires that a right of withdrawal is granted in the event that the requirements of Rule 19 of the Takeovers Code have not been complied with. Pursuant to the Takeovers Code, remittance in respect of the consideration payable for the Shares tendered under the Offer will be posted to the Shareholders by ordinary post at their own risk as soon as possible but in any event within 10 days after the receipt by the Registrar of all relevant documents to render the relevant acceptance under the Offer complete and valid.

All times and dates in this document refer to Hong Kong local times and dates.

In this document, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	shall have the meaning ascribed to it in the Takeovers Code
"Announcement"	the joint announcement dated 25 June 2009 issued by the Offeror and the Company in relation to the Offer
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Big Jump"	Big Jump Investments Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Zhang
"Board"	the board of Directors from time to time
"Chanceton Capital"	Chanceton Capital Partners Limited, a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry out type 6 regulated activity (advising on corporate finance), being the financial adviser to the Offeror in relation to the Offer
"Closing Date"	Thursday, 13 August 2009, being the closing date of the Offer (or such later date as may be determined and announced by the Offeror in accordance with the Takeovers Code)
"Company"	BEP International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the simultaneous completion of the sale and purchase of the Sale Shares and the Sale Debts contemplated under the Sale and Purchase Agreement, which took place on 24 June 2009
"Director(s)"	the director(s) of the Company from time to time
"Elite Agent"	Elite Agent Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Chan

"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of the Executive Director
"Form of Acceptance"	the form of acceptance and transfer of Shares in respect of the Offer accompanying the Offer Document
"Group"	the Company and its subsidiaries
"GT Capital"	GT Capital Limited, a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry out regulated activities of type 1 (dealing in securities) and type 4 (advising on securities)
"Guangdong Securities"	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser to advice the Independent Board Committee in relation to the Offer
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board, comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. To Yan Ming, Edmond, which has been formed to advise the Independent Shareholders in respect of the Offer
"Independent Shareholder(s)"	Shareholder(s) other than the Offeror, Mr. Suen and parties acting in concert with any of them
"Last Trading Day"	Friday, 17 October 2008, being the last full trading day before trading of the Shares was suspended at the request of the Company
"Latest Practicable Date"	27 July 2009, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information for inclusion herein
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange

"Longtale"	Longtale International Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Chan
"Mr. Chan"	Mr. Chan James Chun Hung, the sole shareholder and sole director of each of the Vendors
"Mr. Suen"	Mr. Suen Cho Hung, Paul, the ultimate beneficial owner of the Offeror
"Mr. Zhang"	Mr. Zhang Xi, the Chairman and the executive Director
"Offer"	the unconditional mandatory cash offer made by GT Capital on behalf of the Offeror to acquire all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror, Mr. Suen and parties acting in concert with any of them) at HK$0.00814 per Offer Share
"Offer Document"	the offer document dated 16 July 2009 issued by Chanceton Capital on behalf of the Offeror to all Independent Shareholders in accordance with the Takeovers Code, containing, amongst other things, the terms of the Offer
"Offeror" or "Purchaser"	Long Channel Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Loyal Giant Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is in turn wholly and beneficially owned by Mr. Suen
"Offer Price"	HK$0.00814 per Offer Share
"Offer Share(s)"	Share(s) not already owned or agreed to be acquired by the Offeror, Mr. Suen and parties acting in concert with any of them
"Registrar"	Tricor Secretaries Limited, the Hong Kong branch share registrar and transfer office of the Company at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period between 25 December 2008 (being the date falling six months prior to 25 June 2009, the date of the Announcement) and the Latest Practicable Date, both dates inclusive

"Sale and Purchase Agreement"	the agreement entered into on 10 June 2009 between the Offeror, the Vendors, Mr. Chan and Mr. Suen for the sale and purchase of the Sale Shares and the Sale Debts
"Sale Debts"	an aggregate amount of HK$17,170,260 and RMB4,000,000 (equivalent to approximately HK$4,520,000 based on the exchange rate of RMB1 = HK$1.13) representing the debts owed by the Company or member(s) of the Group to Elite Agent immediately before Completion
"Sale Shares"	the 2,703,000,000 Shares acquired by the Offeror from the Vendors pursuant to the Sale and Purchase Agreement
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.0005 each in the share capital of the Company
"Share Charge"	the charge of shares dated 8 January 2008 and subsequently varied by the deed of variation dated 9 July 2008 entered into between Big Jump as chargor and the Vendors as chargees, by which 3,453,000,000 Shares were charged by Big Jump unto the Vendors to secure all the obligations of Mr. Zhang (being the sole shareholder of Big Jump) to repay the loans and all interests accrued due to the Vendors
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Vendors"	Elite Agent and Longtale
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"%"	per cent.

BEP INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 2326)

Executive Directors:
Mr. Zhang Xi *(Chairman)*
Mr. Cai Duan Hong
Ms. Zhang Yu
Mr. Li Hiu Ming
Mr. Poon Hor On
Mr. Suen Cho Hung, Paul
Mr. Sue Ka Lok

Independent non-executive Directors:
Mr. Siu Hi Lam, Alick
Mr. Chan Kwong Fat, George
Mr. To Yan Ming, Edmond

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business:
Room 609, 6th Floor
Chevalier Commercial Center
8 Wang Hoi Road
Kowloon Bay
Kowloon
Hong Kong

30 July 2009

To the Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY GT CAPITAL LIMITED ON BEHALF OF LONG CHANNEL INVESTMENTS LIMITED FOR ALL THE ISSUED SHARES IN BEP INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY LONG CHANNEL INVESTMENTS LIMITED, MR. SUEN CHO HUNG, PAUL AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)

INTRODUCTION

On 25 June 2009, the Offeror and the Company jointly announced that the Purchaser (as purchaser), the Vendors (as vendors), Mr. Suen (as guarantor of the Purchaser) and Mr. Chan (as guarantor of the Vendors) entered into the Sale and Purchase Agreement on 10 June 2009, pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase (i) the Sale Shares, being 2,703,000,000 Shares, representing approximately 55.71% of the issued share capital of the Company as at the date of the Announcement, for a consideration of HK$9,000,000; and (ii) the Sale Debts, being the aggregate amount of HK$17,170,260 and RMB4,000,000, for a total consideration of HK$13,000,000. The sale and purchase of the Sale Shares and the Sale Debts under the Sale and Purchase Agreement was completed on 24 June 2009.

Following the completion of the acquisition of the Sale Shares by the Offeror on 24 June 2009, the Offeror, Mr. Suen and the parties acting in concert with any of them own an aggregate of 2,703,000,000 Shares, representing approximately 55.71% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make the Offer, being an unconditional mandatory cash offer, for all the issued Shares not already owned or agreed to be acquired by the Offeror, Mr. Suen or any parties acting in concert with any of them.

In accordance with Rule 2.1 of the Takeover Code, the Independent Board Committee has been formed, comprising Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. To Yan Ming, Edmond, who are all independent non-executive Directors who have no direct or indirect interest in the Offer, to advise the Independent Shareholders in respect of the Offer. Guangdong Securities has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer and such appointment has been approved by the Independent Board Committee. The purpose of this document is to provide you with information in relation to, among other things, the Company and to set out the reasons for the recommendation of the Independent Board Committee and the advice of Guangdong Securities in respect to the Offer.

THE OFFER

Details of the Offer are set out in the "Letter from Chanceton Capital" contained in the Offer Document and Appendix I to the Offer Document.

The Offeror has appointed Chanceton Capital as its financial advisor in relation to the Offer. The Offeror has also appointed GT Capital as the agent to make the Offer on its behalf on the following terms and in accordance with Rule 26 of the Takeovers Code.

For every Offer Share . . . . HK$0.00814 in cash

The Offer is not conditional upon any minimum level of acceptances of the Offer. The Offer is unconditional in all respects.

As at the Latest Practicable Date, save for the 4,852,000,000 Shares in issue, the Company had no any other Shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The financial adviser to the Offeror, Chanceton Capital, is satisfied that sufficient financial resources are available to the Offeror to satisfy acceptances in full of the Offer. The Offeror will finance the Offer by its own internal resources.

Stamp duty

Seller's ad valorem stamp duty for the Shares arising in connection with acceptances of the Offer will be payable by the relevant Shareholder at the rate of HK$1 for every HK$1,000 or part thereof of the consideration payable by the Offeror for such Shareholders' Shares and will be deducted from the cash amount due to such Shareholders under the Offer.

Payment

Payment in cash in respect of the acceptances of the Offer will be made as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and vaild.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the trading of home electrical appliances and electronic components.

The following table is a summary of the Group's audited financial information for the three years ended 31 March 2009:

	Year ended 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Continuing operation	5,977	–	–
Discontinued operation	73,829	345,331	385,393
	79,806	345,331	385,393
(Loss)/Profit before taxation			
Continuing operation	(13,691)	(5,633)	(11)
Discontinued operation	(5,657)	(36,363)	13,858
	(19,348)	(41,996)	13,847
(Loss)/Profit for the year			
Continuing operation	(13,713)	(5,633)	(11)
Discontinued operation	(23,216)	(30,323)	13,494
	(36,929)	(35,956)	13,483
Consolidated net assets/ (Consolidated net deficits)	(22,015)	25,728	50,696

CHANGE OF SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company immediately before and after the Completion and as at the Latest Practicable Date:

	Immediately before the Completion		Immediately after the Completion and as at the Latest Practicable Date	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Big Jump	3,453,000,000 *(Note 1)*	71.17	750,000,000 *(Note 2)*	15.46
The Offeror, Mr. Suen and the parties acting in concert with any of them	–	–	2,703,000,000	55.71
Public Shareholders	1,399,000,000	28.83	1,399,000,000	28.83
Total	4,852,000,000	100.00	4,852,000,000	100.00

Notes:

1. Pursuant to the Share Charge, Big Jump had charged a total number of 3,453,000,000 Shares (including the 2,703,000,000 Sale Shares), representing approximately 71.17% of the issued share capital of the Company as at the Latest Practicable Date, in favour of the Vendors as security for the facilities granted by the Vendors to Mr. Zhang under a loan agreement between the Vendors as lender and Mr. Zhang as borrower. The Vendors were therefore deemed to be interested in 3,453,000,000 Shares under the SFO immediately before the Completion. Mr. Zhang had defaulted in repaying the loan due to the Vendors, and thus the power of sale conferred upon the Vendors under the Share Charge had become enforceable. None of the 3,453,000,000 Shares subject to the Share Charge immediately before the Completion nor the attached voting rights had been transferred to the Vendors.

2. Immediately after the Completion and at as the Latest Practicable Date, 750,000,000 Shares remained to be subject to the Share Charge, and the Vendors were deemed interested in such 750,000,000 Shares under the SFO. The Vendors had given an irrevocable undertaking to the Offeror by which the Vendors had jointly and severally undertaken that they would duly exercise their contractual rights under the Share Charge so that Mr. Zhang should not be able to accept the Offer in connection with the 750,000,000 Shares (which is and will continue to be subject to the Share Charge) during the subsistence of the Share Charge.

OFFEROR'S INTENTION ON THE GROUP

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 20 October 2008. As detailed in the announcement of the Company dated 2 March 2009, the Stock Exchange issued a letter dated 16 February 2009 informing the Company that, in view of the cessation of the Group's existing principal business and the prolonged suspension of trading in the Shares, the Company has been placed in the first stage of the delisting procedures pursuant to Practice Note 17 to the Listing Rules from the date of suspension. The Stock Exchange has also informed the Company that the Company is required to address certain issues as detailed in the aforesaid announcement, including, but not limited to, the submission of a viable resumption proposal to demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules, before any application for resumption of trading in the Shares can be considered.

As mentioned in the section headed "Offeror's Intention on the Group" in the Offer Document, it is the intention of the Offeror to hold the Sale Shares as long-term investment. The Offeror also intends to continue the existing business of the Group and, leveraging on the business network and management expertise of the newly appointed Directors, namely, Mr. Suen and Mr. Sue Ka Lok to explore opportunities to further expand the Group's existing business. It is also the intention of the Offeror to provide financial resources to the Company as and when necessary with an aim to boost the scale of the existing business of the Group which may, in the opinion of the Offeror, benefit from the recent signs of global economy recovery.

On 9 July 2009, the Offeror granted to the Company a loan facility in an aggregate principal amount up to HK$20,000,000 to finance the Group's operations. Such loan is unsecured, interest bearing at 1% per annum and repayable after the expiry of 18 months from the date of facility agreement or any other date as agreed by the Offeror or the Group in writing. The Directors are confident that the Group will continue to obtain the ongoing financial support from the Offeror.

In the meantime, the Group will continue on the trading of electronic components business and will expand its product mix by means of cooperation to broaden its business scope as well as income source. The Directors are also considering various business alternatives to resume the Group's manufacturing operation which is complementary to the Group's strategic plan in broadening its business scope and income sources by taking business opportunities to diversify into other business through investments or business ventures. In this regard, the Company has recently formed a non-wholly owned subsidiary for the purpose of engaging in manufacturing and sale of electrical appliances and electronic products. The non-wholly owned subsidiary is owned as to 92% by the Company and 8% by an independent third party whose management has extensive experience in manufacturing of electrical and electronic products.

As demonstrated above, the Offeror and the Directors are exploiting their resources to strengthen the existing business and expand the business scope of the Group. The Directors are confident that, with the support of the Offeror as mentioned above, the Company will be in a position to submit a viable resumption proposal.

The Stock Exchange has indicated that, if the Company fails to submit a viable resumption proposal and demonstrate its compliance with Listing Rule 13.24 on or before 15 August 2009, the Stock Exchange will consider to proceed to place the Company in the second stage of the delisting procedures pursuant to Practice Note 17 to the Listing Rules.

As a result of the Offer, the auditing of the Group's accounts and the preparation of the annual report of the Group for the year ended 31 March 2009 as well as the implementation of the business plan as mentioned above, the Directors (including the new Directors nominated by the Offeror) expect that the Company will require more time to prepare a viable resumption proposal. Accordingly, the Directors expect that the Company may not be able to submit the resumption proposal before the deadline of 15 August 2009 and may apply for an extension of the deadline, if appropriate.

Pursuant to Practice Note 17 to the Listing Rules, the second stage delisting procedure would involve the Stock Exchange in writing to the issuer drawing attention its continued failure to meet Rule 13.24 and advising that the issuer is required to submit resumption proposals within the next six months. During this period, the Stock Exchange will continue to monitor developments of the issuer and will require from the issuer's directors monthly progress reports. At the end of the six month period, the Stock Exchange will determine whether it is appropriate to proceed to the third stage. In making this determination, the Stock Exchange will consider any proposal made by or on behalf of the issuer. Where the Stock Exchange determines to proceed to the third stage, it will publish an announcement naming the issuer, indicating that it does not have sufficient assets or operations for listing and imposing a deadline (generally six months) for the submission of resumption proposals. During the third stage, the issuer would again be required to provide monthly progress reports to the Stock Exchange. At the end of the third stage, where no proposals have been received for resumption, the listing will be cancelled. This would be announced by both the Stock Exchange and the issuer concerned.

The Board agrees that the Offeror will conduct a detailed review of the existing business and operations of the Group with a view to formulating a long term strategy for the Group and explore other business opportunities and consider whether any redeployment of fixed assets of the Group or any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth and future development. In the event that any of such opportunities materializes, further announcement(s) will be made as and when required by the Listing Rules. As at the latest practicable date of the Offer Document, the Offeror has no detailed plans for acquisition of any specific assets and/or business(es) by the Group, or redeployment of fixed assets of the Group, and has not yet identified any specific target of acquisition. The Board concurs with the Offeror's intention of not introducing any major changes to the existing business and the operation and management structure of the Company, or to the continued employment of employees of the Group, as a result of the Offer.

The Offer represents an opportunity for Shareholders to realise their investment in the Shares.

Please refer to the section headed "Offeror's intention on the Group" and "Proposed Change of Board Composition" in the Offer Document for detailed information.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends that the Company shall remain listed on the Main Board of the Stock Exchange after the close of the Offer. The sole director of the Offeror and the new Directors who have been nominated by the Offeror to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

RECOMMENDATION

Your attention is drawn to the respective letters from the Independent Board Committee and Guangdong Securities. The letter from the Independent Board Committee is set out on page 12 which contains its recommendation to the Independent Shareholders in respect of the Offer. The letter from Guangdong Securities is set out on pages 13 to 29, which contains their advice to the Independent Board Committee in respect of the Offer and the principal factors they have considered in forming their advice. The Independent Shareholders are recommended to read this document and information set out in the appendices to this document. The Independent Shareholders are further recommended to read the Offer Document and the Form of Acceptance regarding particulars of the terms and conditions of the Offer, acceptance procedures and settlement.

Yours faithfully,
For and on behalf of the Board of
BEP International Holdings Limited
Poon Hor On
Executive Director

BEP INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 2326)

30 July 2009

To the Independent Shareholders,

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY GT CAPITAL LIMITED ON BEHALF OF LONG CHANNEL INVESTMENTS LIMITED FOR ALL THE ISSUED SHARES IN BEP INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY LONG CHANNEL INVESTMENTS LIMITED, MR. SUEN CHO HUNG, PAUL AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)

We refer to the response document dated 30 July 2009 issued by the Company (the "Document") of which this letter forms part. Terms defined in the Document shall have the same meanings in this letter unless the context otherwise requires.

As the Directors who are independent of the parties to the Offer, we have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and whether or not to accept the Offer. Guangdong Securities has been appointed as the independent financial adviser to advise the Independent Board Committee in this regard. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the letter from Guangdong Securities on pages 13 to 29 of the Document.

We also wish to draw your attention to (i) the letter from the Board and (ii) the additional information set out in the appendices to the Document.

Having taking into account the terms of the Offer and the advice of Guangdong Securities, we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned and accordingly, we recommend the Independent Shareholders to accept the Offer.

Yours faithfully,
Members of the Independent Board Committee
Siu Hi Lam, Alick **Chan Kwong Fat, George** **To Yan Ming, Edmond**
Independent non-executive Directors

Set out below is the text of a letter received from Guangdong Securities, the independent financial adviser to the Independent Board Committee regarding the Offer for the purpose of inclusion in the Offeree Document (as being defined in this letter).

粵海證券有限公司
GUANGDONG SECURITIES LIMITED

Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

30 July 2009

To: the independent board committee of BEP International Holdings Limited

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
GT CAPITAL LIMITED
ON BEHALF OF LONG CHANNEL INVESTMENTS LIMITED
FOR ALL THE ISSUED SHARES IN
BEP INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
LONG CHANNEL INVESTMENTS LIMITED, MR. SUEN CHO HUNG, PAUL
AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in relation to the Offer, details of which are contained in the Offer Document and the letter from the Board (the "**Board Letter**") contained in the response document to the Shareholders dated 30 July 2009 (the "**Offeree Document**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Offeree Document unless the context requires otherwise.

On 25 June 2009, the Offeror and the Company jointly announced that the Purchaser, the Vendors, Mr. Suen (as guarantor of the Purchaser) and Mr. Chan (as guarantor of the Vendors) entered into the Sale and Purchase Agreement on 10 June 2009, pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase (i) the Sale Shares, being 2,703,000,000 Shares, representing approximately 55.71% of the issued share capital of the Company as at the date of the Announcement, for a consideration of HK$9,000,000; and (ii) the Sale Debts, being the aggregate amount of HK$17,170,260 and RMB4,000,000, for a total consideration of HK$13,000,000. The sale and purchase of the Sale Shares and Sale Debts under the Sale and Purchase Agreement was completed on 24 June 2009.

Following the completion of the acquisition of the Sale Shares by the Purchaser on 24 June 2009, the Offeror (i.e. the Purchaser), Mr. Suen and the parties acting in concert with any of them own an aggregate of 2,703,000,000 Shares, representing approximately 55.71% of the issued share capital of the Company as at the date of the Announcement. Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror, Mr. Suen or any parties acting in concert with any of them.

An Independent Board Committee, comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. To Yan Ming, Edmond, has been formed to advise the Independent Shareholders on (i) whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Independent Shareholders should accept the Offer. All members of the Independent Board Committee have confirmed to the Company that they are independent with respect to the Offer. We, Guangdong Securities Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the above, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Guangdong Securities as the independent financial adviser has been approved by the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Offeree Document and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Offeree Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Offer Document and the Offeree Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Offeree Document and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Offeree Document misleading. In this relation, we take no responsibility for, and express no views on, whether expressly or implicitly, the contents of the Offeree Document (other than this letter).

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Offeree Document (other than this letter).

We have assumed that the Offer will be consummated in accordance with the terms set forth in the Offeree Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on financial, market, economic, industry-specific and other conditions as they exist on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

(1) Background to and terms of the Offer

On 25 June 2009, the Offeror and the Company jointly announced that the Purchaser, the Vendors, Mr. Suen (as guarantor of the Purchaser) and Mr. Chan (as guarantor of the Vendors) entered into the Sale and Purchase Agreement on 10 June 2009, pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase (i) the Sale Shares, being 2,703,000,000 Shares, representing approximately 55.71% of the issued share capital of the Company as at the date of the Announcement, for a consideration of HK$9,000,000; and (ii) the Sale Debts, being the aggregate amount of HK$17,170,260 and RMB4,000,000, for a total consideration of HK$13,000,000. The sale and purchase of the Sale Shares and Sale Debts under the Sale and Purchase Agreement was completed on 24 June 2009.

Following the completion of the acquisition of the Sale Shares by the Purchaser, the Offeror (i.e. the Purchaser), Mr. Suen and the parties acting in concert with any of them own an aggregate of 2,703,000,000 Shares, representing approximately 55.71% of the issued share capital of the Company as at the date of the Announcement. Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror, Mr. Suen or any parties acting in concert with any of them.

On behalf of the Offeror (being Long Channel Investments Limited, which is wholly and beneficially owned by Loyal Giant Holdings Limited which is in turn wholly and beneficially owned by Mr. Suen), GT Capital is making the Offer on the following basis:

For each Offer Share .... HK$0.00814 in cash

As extracted from the Board Letter, save for the 4,852,000,000 Shares in issue, the Company did not have any other shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

As referred to in the Offer Document, save for the acquisition of the Sale Shares, the Offeror, Mr. Suen and parties acting in concert with any of them have not (i) dealt in the Shares in the six-month period up to the date of the Announcement; (ii) entered into any contracts in relation to the outstanding derivatives in respect of securities in the Company; (iii) received an irrevocable commitment to accept the Offer save for the Irrevocable Undertaking (as defined in the Offer Document); and (iv) borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Based on the Offer Price and the total number of 2,149,000,000 Offer Shares subject to the Offer following the completion of the acquisition of the Sale Shares, the total consideration payable by the Offeror under the Offer amounts to approximately HK$17.50 million.

The Vendors have given an irrevocable undertaking to the Offeror pursuant to which the Vendors had jointly and severally undertaken that they would duly exercise their contractual rights under the Share Charge such that Mr. Zhang should not be able to accept the Offer in connection with the 750,000,000 Shares (which is and will continue to be subject to the Share Charge) during the subsistence of the Share Charge and there is no circumstance in which this irrevocable undertaking may cease to be binding.

Further details and terms of the Offer are set out in the "Letter from Chanceton Capital" and Appendix I to the Offer Document.

(2) Financial performance of the Group

The Group is principally engaged in trading of electronic components. In prior years, the Group was also engaged in the design, manufacture and sale of home electrical appliances business and those operations were ceased during the year ended 31 March 2009.

Set out below is a summary of the audited consolidated financial results of the Group for each of the three financial years ended 31 March 2007, 2008 and 2009 as extracted from the 2008 annual report and the 2009 annual report of the Company (the "**2009 Annual Report**") respectively:

	For the year ended 31 March 2007	**For the year ended 31 March 2008**	**For the year ended 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
– Continuing operation	–	–	5,977
– Discontinued operation	385,393	345,331	73,829
	385,393	345,331	79,806
Gross profit			
– Continuing operation	–	–	282
– Discontinued operation	45,111	8,224	14,661
	45,111	8,224	14,943
Profit/(loss) after taxation			
– Continuing operation	(11)	(5,633)	(13,713)
– Discontinued operation	13,494	(30,323)	(23,216)
	13,483	(35,956)	(36,929)

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Total Equity/(Net liabilities)	50,696	25,728	(22,015)
Total assets	133,761	119,226	3,983
Total liabilities	(83,065)	(93,498)	(25,998)
Bank balances and cash	9,639	5,855	167
Gearing ratio	0.62 times	0.78 times	6.53 times

As depicted by the above table, the total turnover of the Group has been shrinking since the 2007 financial year. In addition, the Group suffered from a significant cumulative decrease in gross profit of approximately 66.88% from the 2007 financial year to the 2009 financial year, and the Group had also been at a loss making position for the latest two financial years. As referred to in the 2009 Annual Report, the under-performance of the Group's business was mainly due to (i) the surge in raw material prices and labour costs; (ii) the significant appreciation of RMB which amplified the surge in raw material prices and labour costs; and (iii) the unexpected financial tsunami in 2008 which seriously affected the gross profit margin and the operating costs of the Group's factory in the PRC.

As at 31 March 2009, the Group had consolidated net liabilities of approximately HK$22.02 million. We noted that the Group's cash position has been tightening since the 2007 financial year. The Group had consolidated bank balances and cash of approximately HK$9.64 million on hand as at 31 March 2007. As at 31 March 2009, the consolidated bank balances and cash of the Group were reduced cumulatively by approximately 98.27% to approximately HK$167,000. On the other hand, the gearing level of the Group (calculated as total liabilities over total assets of the Group) as at 31 March 2009 was approximately 6.53 times, representing an upsurge of approximately 737.18% as compared to the prior year.

(3) Business prospects of the Group

According to the 2009 Annual Report and as mentioned in the foregoing section, the Group's business had been adversely affected by the rise in raw material prices and labour costs and the considerable appreciation of RMB. In order to alleviate the difficult trading environment, the Group had concluded basket agreements regarding price increment and improved payment terms with certain core customers and had also implemented effective cost control measures. Nevertheless, the financial tsunami in 2008 had seriously affected the gross profit margin and operating costs of the Group's factory in the PRC. In light of (i) the fact that the landlord rejected to reach consensus with the Group's subsidiary in the PRC on the renewal of premises; and (ii) the expectation that the financial tsunami could further intensify, the Group had decided to cease the production of its factory in the PRC to neutralise the impact of the future uncertainties on the Company.

As also referred to in the 2009 Annual Report and as confirmed by the Directors, subsequent to the cessation of manufacturing operation, the Group has been aiming to develop, focus and diversify its business operation into trading activities. Leveraging on the continuous effort from the management of the Company, the Group has successfully started its trading of electronic components business during the year ended 31 March 2009. The Group will continue to focus its principal business on the trading of electronic components, and will strive to expand its product mix by means of merger and acquisition or cooperation to broaden its business scope as well as income sources. The Group will also maintain its vigilance to further tighten its cost control measures as well as to strengthen its trading business. In addition, the Directors are at present considering various business alternatives to resume the Group's manufacturing operation (when it is expected to be feasible) to complement the Group's strategic plan in broadening its business scope and sources of income by taking business opportunities to diversify into other business through investments or business ventures. In this regard, the Company has recently formed a non-wholly subsidiary for the purpose of engaging in manufacturing and sale of electrical appliances and electronic products. The non-wholly subsidiary is owned as to 92% by the Company and 8% by an independent third party whose management has extensive experience in manufacturing of electrical and electronic products.

With reference to the Offeree Document, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 20 October 2008 at the request of the Company. As detailed in the announcement of the Company dated 2 March 2009, the Stock Exchange issued a letter dated 16 February 2009 informing the Company that, in view of the cessation of the Group's existing principal business and the prolonged suspension of trading in the Shares, the Company has been placed in the first stage of the delisting procedures pursuant to Practice Note 17 to the Listing Rules from the date of suspension. The Stock Exchange has also informed the Company that the Company is required to address certain issues as detailed in the aforesaid announcement, including but not limited to, the submission of a viable resumption proposal to demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules (the "**Resumption Proposal**"), before any application for resumption of trading in the Shares can be considered. The Stock Exchange has indicated that, if the Company fails to submit the Resumption Proposal and demonstrates its compliance with Rule 13.24 of the Listing Rules on or before 15 August 2009 (the "**Deadline**"), the Stock Exchange will consider to proceed to place the Company in the second stage of the delisting procedures pursuant to Practice Note 17 to the Listing Rules. Upon our enquiry, the Directors confirmed that the preparation of the Resumption Proposal is still in progress and the Directors are confident that, with the support of the Offeror as being detailed under the section headed "Intentions of the Offeror on the Group" of this letter below, the Company will be in a position to submit a viable Resumption Proposal.

However, as a result of the Offer, the auditing of the Group's accounts and the preparation of the annual report of the Group for the year ended 31 March 2009 as well as the implementation of the business plan as mentioned above, the Directors (including the new Directors nominated by the Offeror) expect that the Company will require more time to prepare a viable Resumption Proposal. Accordingly, the Directors expect that the Company may not be able to submit the Resumption Proposal before the Deadline and may apply for an extension of the Deadline, if appropriate.

Pursuant to Practice Note 17 to the Listing Rules, the second stage delisting procedure would involve the Stock Exchange in writing to the issuer drawing attention its continued failure to meet Rule 13.24 of the Listing Rules and advising that the issuer is required to submit resumption proposals within the next six months. During this period, the Stock Exchange will continue to monitor developments of the issuer and will require from the issuer's directors monthly progress reports. At the end of the six-month period, the Stock Exchange will determine whether it is appropriate to proceed to the third stage of the delisting procedures. In making such decision, the Stock Exchange will consider any proposal made by or on behalf of the issuer. Where the Stock Exchange determines to proceed to the third stage delisting procedure, it will publish an announcement naming the issuer, indicating that it does not have sufficient assets or operations for listing and imposing a deadline (generally six months) for the submission of resumption proposals. During the third stage delisting procedure, the issuer would again be required to provide monthly progress reports to the Stock Exchange. At the end of the third stage delisting procedure, where no proposals have been received for resumption, the listing will be cancelled, and this would be announced by both the Stock Exchange and the issuer concerned.

In light of all of the above, we consider that there are uncertainties regarding the timing and possibility of resumption of trading in the Shares.

(4) Information on the Offeror

Set out below is the information on the Offeror as extracted from the Offer Document:

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Loyal Giant Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is in turn wholly and beneficially owned by Mr. Suen. Other than the entering into of the Sale and Purchase Agreement, the Offeror has not conducted any other business activities since its incorporation. As at the Latest Practicable Date, Mr. Suen was the sole director of the Offeror and Loyal Giant Holdings Limited.

The biographical details of Mr. Suen will be set out under the section headed "Proposed change of board composition of the Company" of this letter.

(5) Intentions of the Offeror on the Group

We understand from the Offer Document and the Board Letter that as at the latest practicable date of the Offer Document, it was the intention of the Offeror to hold the Sale Shares as long-term investment. The Offeror also intends to continue the existing business of the Group and, leveraging on the business network and management expertise of the newly appointed Directors (details being set out under the section headed "Proposed change of board composition of the Company" of this letter), to explore opportunities to further expand the Group's existing business. Furthermore, it is the intention of the Offeror to provide financial resources to the Company as and when necessary with an aim to boost the scale of the existing business of the Group which may, in the opinion of the Offeror, benefit from the recent signs of global economy recovery.

On 9 July 2009, the Offeror granted to the Company a loan facility in an aggregate principal amount of up to HK$20,000,000 to finance the Group's operations. Such loan is unsecured, interest bearing at 1% per annum and repayable after the expiry of 18 months from the date of facility agreement or any other date as agreed by the Offeror or the Group in writing. The Directors are confident that the Group will continue to obtain the ongoing financial support from the Offeror.

As extracted from the Board Letter and aforementioned, the Directors are confident that, with the support of the Offeror as just highlighted, the Company will be in a position to submit a viable Resumption Proposal.

From the Offer Document and the Board Letter, we also understand that the Offeror will conduct a detailed review of the existing business and operations of the Group with a view to formulating a long-term strategy for the Group and explore other business opportunities and consider whether any redeployment of fixed assets of the Group or any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth and future development. In the event that any of such opportunities materialise, further announcement(s) will be made as and when required by the Listing Rules. As at the latest practicable date of the Offer Document, the Offeror had no detailed plans for acquisition of any specific assets and/or businesses by the Group, and had not yet identified any specific target of acquisition. In addition, the Offeror confirmed that it does not have any concrete plan to procure the Company to dispose of any asset following the close of the Offer. Furthermore, the Offeror does not intend to introduce any major changes to the existing business and the operation and management structure of the Company, or to the continued employment of employees of the Group, as a result of the Offer.

As mentioned previously, trading in the Shares had remained suspended as at the Latest Practicable Date. It is the intention of the Offeror that the Company shall maintain its listing status on the Main Board of the Stock Exchange after the close of the Offer. The sole director of the Offeror and the new Directors who have been nominated to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that not less than 25% of the issued Shares will be held by the public.

Having taken into account (i) the Group's historical unsatisfactory financial performance; (ii) the existing tight cash position of the Group and the upsurge of its gearing level during the year ended 31 March 2009; and (iii) the uncertainty in the timing and possibility of resumption of trading in the Shares, we are of the opinion that the Offer provides a ready exit for the Independent Shareholders to realise their investments in the Shares.

Independent Shareholders who are confident about the Group's prospects after the Offer and the possible resumption of trading in the Shares may consider not accepting the Offer. However, they should carefully consider the relevant risks and uncertainties in doing so based on their risk preference and tolerance level.

(6) Proposed change of board composition of the Company

As at the date of the Offer Document, the Board comprised eight Directors, of which five are executive Directors, namely Mr. Zhang Xi, Mr. Cai Duan Hong, Ms. Zhang Yu, Mr. Li Hiu Ming and Mr. Poon Hor On; and three are independent non-executive Directors, namely Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. To Yan Ming, Edmond.

Based on the Offer Document, Mr. Zhang Xi, Mr. Cai Duan Hong, Ms. Zhang Yu would resign from the Board with effect from the earliest time as permitted under the Takeovers Code. The Offeror intended to nominate two new Directors to the Board, namely Mr. Suen and Mr. Sue Ka Lok ("**Mr. Sue**") with effect from the earliest time permitted under the Takeovers Code. Any changes to the Board would be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) would be made accordingly.

Subsequently on 20 July 2009, the Board announced that Mr. Suen and Mr. Sue had been appointed as executive Directors with effect from 20 July 2009.

The biographical details of the newly appointed Directors are set out as follows:

> Mr. Suen, aged 48, holds a Master of Business Administration degree from the University of South Australia. Mr. Suen is an executive director and the Chairman of Poly Development Holdings Limited, a listed company in Hong Kong (Stock code: 1141). Mr. Suen is also an executive director and the Chairman of China Yunnan Tin Minerals Group Company Limited (Stock code: 263). Mr. Suen has extensive experience in project investment in various businesses as well as strategic planning and corporate management of business enterprises in Hong Kong and the PRC.
>
> Mr. Sue, aged 44, graduated from the University of Sydney, Australia with a Bachelor of Economics degree and holds a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is an executive director of Poly Development Holdings Limited, a listed company in Hong Kong (Stock code: 1141). He is also an executive director and the Chief Executive Officer of China Yunnan Tin Minerals Group Company Limited (Stock code: 263). Mr. Sue is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries and a member of the Hong Kong Securities Institute. Mr. Sue has extensive experience in corporate management, finance, accounting and company secretarial practice.

Save as disclosed herein, the Offeror does not intend to introduce any major changes to the existing operating and management structure of the Group, or to the continued employment of employees of the Group, as a result of the Offer.

(7) Offer Price

The Offer Price of HK$0.00814 per Offer Share represents:

(a) a discount of approximately 89.83% to the closing price of HK$0.0800 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 90.79% to the average of the closing prices of the Shares of HK$0.0884 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(c) a discount of approximately 91.04% to the average of the closing prices of the Shares of HK$0.0908 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 92.89% to the average of the closing prices of the Shares of approximately HK$0.1145 per Share as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day; and

(e) a premium of approximately 53.58% over the audited consolidated net asset value per Share of approximately HK$0.0053 as at 31 March 2008, calculated based on the Group's audited consolidated net asset value of approximately HK$25,728,000 as at 31 March 2008, and the issued share capital of 4,852,000,000 Shares as at 31 March 2008.

The audited consolidated net liabilities of the Group attributable to Shareholders were approximately HK$22.02 million as at 31 March 2009.

Historical price performance of the Offer Shares

The highest and lowest closing prices and the average daily closing price of the Shares as quoted on the Stock Exchange in each of the 12 months during the period commencing from 1 October 2007 up to and including the Last Trading Day (the "**Review Period**") are shown as follows:

Month	**Highest closing price** *(HK$)*	**Lowest closing price** *(HK$)*	**Average daily closing price** *(HK$)*	**No. of trading days in each month**
2007				
October	0.310	0.250	0.273	21
November	0.371	0.300	0.344	22
December *(Note 1)*	0.435	0.294	0.351	18
2008				
January	0.316	0.290	0.305	22
February	0.350	0.285	0.308	19
March	0.425	0.330	0.386	19
April	0.385	0.335	0.369	21
May	0.350	0.270	0.317	20
June	0.280	0.190	0.237	20
July	0.200	0.166	0.190	22
August	0.160	0.125	0.148	19
September *(Note 2)*	0.220	0.092	0.128	20
October (up to and including the Last Trading Day)	0.100	0.080	0.092	11

Source: Bloomberg

Notes:

1. Trading in the Shares was suspended on 11 December 2007.

2. Trading in the Shares was suspended on 26 September 2008.

During the Review Period, the average daily closing price of the Shares ranged from HK$0.092 to HK$0.386 per Share in each month and followed a general downward moving trend since March 2008.

Independent Shareholders should note that due to the prolonged suspension of trading in the Shares on the Stock Exchange for more than nine months, comparison of the Offer Price with the closing prices of the Shares prior to the suspension of trading in the Shares may be rather irrelevant.

Historical trading liquidity of the Offer Shares

The average daily number of Shares traded per month, and the respective percentages of the Shares' monthly trading volume during the Review Period as compared to (i) the total number of issued Shares held by the public as at the Last Trading Day; and (ii) the total number of issued Shares as at the Last Trading Day are tabulated as follows:

Month	**Average daily trading volume (the "Average Volume")**	**% of the Average Volume to total number of issued Shares held by the public as at the Last Trading Day** *(Note 3)*	**% of the Average Volume to total number of issued Shares as at the Last Trading Day** *(Note 4)*	**No. of trading days in each month**
2007				
October	5,490,476	0.39	0.11	21
November	12,386,364	0.89	0.26	22
December *(Note 1)*	6,766,667	0.48	0.14	18
2008				
January	3,995,455	0.29	0.08	22
February	2,680,947	0.19	0.06	19
March	3,659,474	0.26	0.08	19
April	917,238	0.07	0.02	21
May	1,336,000	0.10	0.03	20
June	1,184,500	0.08	0.02	20
July	632,091	0.05	0.01	22
August	573,263	0.04	0.01	19
September *(Note 2)*	417,700	0.03	0.01	20
October (up to and including the Last Trading Day)	163,455	0.01	0.00	11

Source: Bloomberg

Notes:

1. Trading in the Shares was suspended on 11 December 2007.

2. Trading in the Shares was suspended on 26 September 2008.

3. Based on 1,399,000,000 Shares held in public hands as at the Last Trading Day.

4. Based on 4,852,000,000 Shares in issue as at the Last Trading Day.

The above table illustrates that the average daily trading volume of the Shares per month was thin during the Review Period. Save and except for November 2007, the trading average of the Shares was below 0.5% of the total number of issued Shares held by the public as at the Last Trading Day during the entire Review Period. Given that the Shares were illiquid during the Review Period, the disposal of large block of Shares held by the Independent Shareholders in the open market (if trading in Shares on the Stock Exchange is resumed) is expected to trigger price slump of the Shares.

For the above reason, there is no guarantee that Independent Shareholders would be able to realise their investments in the Shares (especially those with relatively sizeable shareholdings) at the price level prior to the Last Trading Day or at a price higher than the Offer Price when trading in the Shares on the Stock Exchange is resumed in the future. Independent Shareholders are also reminded that resumption of trading in the Shares on the Stock Exchange is uncertain at the moment. We, therefore, consider that the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

Nevertheless, if any of the Independent Shareholders who would like to realise their investments in the Shares and are able to identify potential purchaser(s) to purchase their Shares at a price higher than the Offer Price, those Independent Shareholders may consider not accepting the Offer but selling their Shares to such potential purchaser(s), as they wish to do so and as they think fit having regard to their own circumstances, in case the net proceeds from the selling of their Shares to such potential purchaser(s) would exceed that receivable under the Offer.

Furthermore, those Independent Shareholders who, after considering the information on the Offeror and the future intentions of the Offeror regarding the Group as detailed in the Offer Document and set forth under the sections headed "Information on the Offeror" and "Intentions of the Offeror on the Group" of this letter, are optimistic about the prospects of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares.

Other offers in Hong Kong

As far as we are aware of from the website of the Stock Exchange based on our best endeavour, we identified seven exhaustive companies which are listed on the Stock Exchange and were the subjects of general offers from 11 March 2009 to 10 June 2009 (being the date of the Sale and Purchase Agreement and the period represents three months up to and including the date of the Sale and Purchase Agreement) (the "**Other Offers**"). Summarised below are our relevant findings:

Date of offer announcement	**Company name**	**Stock code**	**Premium/(Discount) represented by offer price over/ to share closing price as at the last trading days of the respective offers (the "Price Premium/ Discount Rate") (%)**
17 April 2009	Shanghai Qingpu Fire-Fighting Equipment Company Limited	8115	13.70
20 April 2009	Yu Ming Investments Limited	666	2.00
22 April 2009	MAE Holdings Limited	851	(12.38)
6 May 2009	Automated Systems Holdings Limited	771	3.80
6 May 2009	Hong Kong Catering Management Limited	668	(22.40)
19 May 2009	Nam Tai Electronic & Electrical Products Limited	2633	2.00
1 June 2009	Oriental Press Group Limited	18	15.90
Maximum			**15.90**
Minimum			**(22.40)**
Median			**2.00**
25 June 2009	**The Company**	**2326**	**(89.83)**

Source: website of the Stock Exchange (www.hkex.com.hk)

As demonstrated by the above table, the Price Premium/Discount Rate of the Other Offers ranged from a premium of approximately 15.90% to a discount of approximately 22.40%. The Offer Price of HK$0.00814 represents a discount of 89.83% to the closing price of the Shares on the Last Trading Day, and hence falls outside the range of the Price Premium/Discount Rate of the Other Offers.

Independent Shareholders should note that due to the prolonged suspension of trading in the Shares on the Stock Exchange for more than nine months, comparison of the Offer Price with the closing prices of the Shares prior to the suspension of trading in the Shares may be rather irrelevant.

It should be noted that the businesses, operations and prospects of the Company are not the same as the Other Offers as set out in the above table. In particular, the offer price in a general offer exercise may also vary due to factors including but not limited to the unique business, operation and prospects of each individual company, and the arm's length negotiations between the offeror and the vendor. Accordingly, the Other Offers are only used to provide a general reference for general offer exercises by companies listed on the Stock Exchange.

In view of (i) that the Group recorded net liabilities of approximately HK$22.02 million as at 31 March 2009; (ii) the Group's historical unsatisfactory financial performance; (iii) the existing tight cash position of the Group and the upsurge of its gearing level during the year ended 31 March 2009; (iv) the uncertainty in the timing and possibility of resumption of trading in the Shares; and (v) the low trading liquidity of the Shares during the Review Period, we are of the opinion that it is justifiable that the Offer Price was set at deep discounts to the historical closing prices of the Shares.

Other commonly used benchmarks

Other commonly used benchmarks for evaluating the value of companies include the price to book ratio, price to earnings ratio and dividend yield. However, taking into account (i) the net deficit position of the Group as at 31 March 2009; (ii) the loss making history of the Group; and (iii) that the Company had not been paying dividend to the Shareholders since the payment of final dividend for the year ended 31 March 2003, we consider that the commonly used benchmarks as just mentioned might not be indicative for evaluating the value of the Company.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

(i) the Group's historical unsatisfactory financial performance;

(ii) the existing tight liquidity position of the Group and the upsurge of its gearing level during the year ended 31 March 2009;

(iii) the uncertainty in the timing and possibility of resumption of trading in the Shares; and

(iv) the Group recorded net liabilities of approximately HK$22.02 million as at 31 March 2009,

we consider that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

Nonetheless, the Independent Shareholders may consider to search for other potential purchaser(s) to purchase the Shares and to consider selling their Shares to those potential purchaser(s), if possible, instead of accepting the Offer, if the net proceeds from such sales exceed the amount receivable under the Offer.

Those Independent Shareholders who decide to retain part or all of their investment in the Shares should carefully monitor the intentions of the Offeror regarding the Group in the future and the potential difficulties the Independent Shareholders may encounter in disposing of their investments in the Shares after the close of the Offer. Further details and terms of the Offer are set out in the "Letter from Chanceton Capital" and Appendix I to the Offer Document.

As different Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Shareholder who may require advice in relation to any aspect of the Offer Document and the Offeree Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

1. FINANCIAL SUMMARY

The following is a summary of the financial results of the Group for each of the three years ended 31 March 2009 as extracted from its annual reports. The Company's audited accounts for the two years ended 31 March 2007 and 2008 did not have separate disclosure of continuing operation and discontinued operation as the Group was engaged in the design, manufacture and sale of home electrical appliances only. Accordingly, the financial results of the Group for these two years were restated to conform with current presentation where appropriate.

CONSOLIDATED INCOME STATEMENT

	For the year ended		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Continuing operation	5,977	–	–
Discontinued operation	73,829	345,331	385,393
	79,806	345,331	385,393
(Loss)/Profit before taxation			
Continuing operation	(13,691)	(5,633)	(11)
Discontinued operation	(22,627)	(36,363)	13,858
	(36,318)	(41,996)	13,847
Taxation			
Continuing operation	(22)	–	–
Discontinued operation	(589)	6,040	(364)
	(611)	6,040	(364)
(Loss)/Profit for the year			
Continuing operation	(13,713)	(5,633)	(11)
Discontinued operation	(23,216)	(30,323)	13,494
	(36,929)	(35,956)	13,483
	HK cent	*HK cent*	*HK cent*
(Loss) earning per share			
– Basic	(0.76)	(0.74)	0.28
– Diluted	N/A	N/A	N/A
Dividends	Nil	Nil	Nil
Dividends per Share	Nil	Nil	Nil

There were (i) no items which were extraordinary/exceptional in nature and (ii) no minority interests for each of the three years ended 31 March 2009. Messrs. Deloitte Touche Tohmatsu acted as auditor of the Company for the two years ended 31 March 2008 and 2009. Messrs. HLB, Hodgson Impey Cheng acted as auditor of the Company for the year ended 31 March 2007. The Company's audited financial statements for the two years ended 31 March 2007 and 2008 did not contain any qualification. The auditor of the Company, Deloitte Touche Tohmatsu, has mentioned in the independent auditor's report for the year ended 31 March 2009 that because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, the auditor of the Company does not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of the Group's affairs as at 31 March 2009 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. Details of the qualification are set out in the section headed "2A. Independent Auditor's Report for the year ended 31 March 2009" in this Appendix.

2A. INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2009

Set out below are the full texts of the independent auditor's report of the Company and the audited financial statements of the Group for the year ended 31 March 2009 as extracted from the annual report of the Company for the year ended 31 March 2009.

INDEPENDENT AUDITOR'S REPORT

We were engaged to audit the consolidated financial statements of BEP International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 67 which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

Basis for disclaimer of opinion

Scope limitation – loss on deconsolidation of a subsidiary

During the year ended 31 March 2009, the Group recorded a loss on deconsolidation of a subsidiary of HK$49,677,000 as set out in notes 2, 11 and 29 to the consolidated financial statements. As described in note 2 to the consolidated financial statements, the loss on deconsolidation of subsidiary related to the deconsolidation of Bailingda Industrial (Shenzhen) Company Limited ("BEP (China)"), a company in which the Group holds a 100% equity interest. After the directors of the Company resolved to cease the operations of BEP (China), the premises of BEP (China) and the assets and accounting books and records inside were sealed by 深圳寶安區人民法院 ("Baoan People's Court"). The directors of the Company therefore deconsolidated BEP (China) as from 26 October 2008 as they consider 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 Baoan People's Court. 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 the assets and liabilities from the consolidated financial statements.

The Group recorded a loss on deconsolidation of BEP (China) based on its unaudited balance sheet as at 30 September 2008 and unaudited income statement for the period from 1 April 2008 to 30 September 2008, which are the latest management accounts available to the directors of the Company. The loss of BEP (China) prior to deconsolidation included in the consolidated financial statements amounted to HK$28,357,000. However, as a result of the circumstances described above, the directors of the Company have been unable to provide us with the complete set of accounting books and records for BEP (China). We have therefore been unable to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to whether the loss on deconsolidation of BEP (China) and the loss included in the consolidated financial statements up until the date of deconsolidation of BEP (China), 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 2009 and on its loss for the year ended 31 March 2009.

Scope limitation – gain on winding up of subsidiaries

During the year ended 31 March 2009, the Group recorded a gain on winding up of subsidiaries of HK$32,707,000 as set out in notes 2, 11 and 29 to the consolidated financial statements. As further described in note 2 to the consolidated financial statements, the gain on winding up of subsidiaries related to the voluntary winding up under Section 241 of the Hong Kong Companies Ordinance of Better Electrical Products (HK) Company Limited ("BEP (HK)") and BEP Corporate Management Limited ("BEPCM"), companies in which the Group holds a 100% equity interest. A liquidator has been appointed to start the liquidation process of BEP (HK) and BEPCM, and the complete set of accounting books and records of BEP (HK) and BEPCM have been withheld by the liquidator, and accordingly the directors of the Company were unable to obtain any access to them. The directors deconsolidated BEP (HK) and BEPCM as from 27 March 2009 and recorded a gain on deconsolidation of BEP (HK) and BEPCM based on their unaudited balance sheets as at 27 March 2009 and unaudited income statements for the period from 1 April 2008 to 27 March 2009. The combined profit of BEP (HK) and BEPCM prior to deconsolidation included in the consolidated financial statements amounted to HK$22,111,000.

As a result of the circumstances described above, the directors of the Company have been unable to provide us with the complete set of accounting books and records for BEP (HK) and BEPCM. We have therefore been unable to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to whether the gain on winding up of BEP (HK) and BEPCM, the profit included in the consolidated financial statements up until the date of deconsolidation of these companies, 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 Group's loss for the year ended 31 March 2009.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of the Group's affairs as at 31 March 2009 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

17 July 2009

2B. AUDITED FINANCIAL STATEMENTS FOR THE YEAR END 31 MARCH 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Continuing operation			
Turnover	5	5,977	–
Cost of sales		(5,695)	–
Gross profit		282	–
Other income		2	1
Administrative expenses		(12,900)	(5,616)
Finance costs	7	(1,075)	(18)
Loss before taxation	8	(13,691)	(5,633)
Taxation	10	(22)	–
Loss for the year from continuing operation		(13,713)	(5,633)
Discontinued operation			
Loss for the year from discontinued operation	11	(23,216)	(30,323)
Loss for the year		(36,929)	(35,956)
		HK cent	HK cent
Loss per share – Basic	13		
From continuing and discontinued operations		(0.76)	(0.74)
From continuing operation		(0.28)	(0.12)

CONSOLIDATED BALANCE SHEET
At 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	14	289	23,043
Deferred tax assets	24	–	3,661
		289	26,704
Current assets			
Inventories	15	–	53,916
Trade and other receivables	16	3,527	32,751
Bank balances and cash	17	167	5,855
		3,694	92,522
Current liabilities			
Trade and other payables	18	7,302	84,020
Amount due to a subsidiary under liquidation	19	2,222	–
Obligations under a finance lease	21	111	111
Bank borrowings	22	–	4,432
		9,635	88,563
Net current (liabilities) assets		(5,941)	3,959
Total assets less current liabilities		(5,652)	30,663
Non-current liabilities			
Amount due to ultimate holding company	23	11,651	4,669
Other loan	20	4,535	–
Obligations under a finance lease	21	155	266
Deferred tax liabilities	24	22	–
		16,363	4,935
Net (liabilities) assets		(22,015)	25,728
Capital and reserves			
Share capital	25	2,426	2,426
Reserves		(24,441)	23,302
(Deficiency) balance of shareholders' equity		(22,015)	(25,728)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2009

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000* *(Note 1)*	Capital reserve *HK$'000* *(Note 2)*	Translation reserve *HK$'000*	Accumulated profits (losses) *HK$'000*	Total *HK$'000*
At 1 April 2007	2,400	22,524	(1,522)	–	3,551	23,743	50,696
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	8,863	–	8,863
Loss for the year	–	–	–	–	–	(35,956)	(35,956)
Total recognised income and expense for the year	–	–	–	–	8,863	(35,956)	(27,093)
Fair value adjustment on amount due to ultimate holding company	–	–	–	331	–	–	331
Issue of shares upon exercise of share options	26	1,768	–	–	–	–	1,794
At 31 March 2008	2,426	24,292	(1,522)	331	12,414	(12,213)	25,728
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	2,161	–	2,161
Release of translation reserve upon deconsolidation of a subsidiary	–	–	–	–	(14,575)	–	(14,575)
Loss for the year	–	–	–	–	–	(36,929)	(36,929)
Total recognised income and expense for the year	–	–	–	–	(12,414)	(36,929)	(49,343)
Fair value adjustment on amount due to ultimate holding company	–	–	–	1,600	–	–	1,600
Release of capital reserve upon winding up of subsidiaries	–	–	–	(590)	–	590	–
At 31 March 2009	2,426	24,292	(1,522)	1,341	–	(48,552)	(22,015)

Notes:

1. On 6 January 2003, the Company became the holding company of the companies now comprising the Group pursuant to a group reorganisation scheme (the "Group Reorganisation") at the time of listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The merger reserve of the Group represents the difference between the nominal value of the shares of Better Electrical Products Company Limited ("BEPCL") acquired pursuant to the Group Reorganisation over the nominal value of the Company's shares issued in exchange there for.

2. Capital reserve represents the fair value adjustment on the amount due to ultimate holding company.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Loss before taxation		(36,318)	(41,996)
Adjustments for:			
Interest income		(15)	(71)
Interest expenses		1,368	1,043
Depreciation of property, plant and equipment		3,707	10,952
Reversal of claims for employees' overtime compensations		(4,269)	–
Loss (gain) on disposal of property, plant and equipment		2,210	(193)
Gain on winding up of subsidiaries		(32,707)	–
Loss on deconsolidation of a subsidiary		49,677	–
Operating cash flows before movement in working capital		(16,347)	(30,265)
(Increase) decrease in inventories		(3,005)	4,714
Decrease in trade and other receivables		20,182	13,328
(Decrease) increase in trade and other payables		(16,859)	25,945
Cash (used in) generated from operations		(16,029)	13,722
Hong Kong Profits Tax refunded		–	1,933
Net cash (used in) from operating activities		(16,029)	15,655
Cash flows from investing activities			
Interest received		15	71
Net cash outflow from deconsolidation of a subsidiary	*29(b)*	(1,522)	–
Purchase of property, plant and equipment		(300)	(5,278)
Net cash outflow from winding up of subsidiaries	*29(a)*	(7)	–
Proceeds from disposal of property, plant and equipment		–	193
Net cash used in investing activities		(1,814)	(5,014)

	2009	2008
	HK$'000	*HK$'000*
Cash flows from financing activities		
Bank borrowings raised	22,530	133,730
Advance from ultimate holding company	12,170	5,000
Other loan raised	4,535	–
Bank borrowings repaid	(26,962)	(154,653)
Interest paid	(13)	(1,043)
Repayment of finance lease	(111)	(67)
Issue of shares upon exercise of share options	–	1,794
Net cash from (used in) financing activities	12,149	(15,239)
Net decrease in cash and cash equivalents	(5,694)	(4,598)
Cash and cash equivalents at beginning of the year	5,855	9,639
Effect of foreign exchange rate changes	6	814
Cash and cash equivalents at end of the year, representing bank balances and cash	167	5,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. As at 31 March 2009, the directors of the Company consider the ultimate holding company was Big Jump Investments Limited ("Big Jump"), a private company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Zhang Xi, a director of the Company. Pursuant to an agreement in relation to the sale and purchase of shares in the Company which was completed on 24 June 2009, Long Channel Investments Limited ("Long Channel") and Loyal Giant Holdings Limited, private companies incorporated in the British Virgin Islands with limited liability, have become the immediate holding company and the ultimate holding company of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the trading of electronic components. In prior years, its subsidiaries were also engaged in the design, manufacture and sale of home electrical appliances business and these operations were ceased during the year.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Going concern basis

At 31 March 2009, the Group had accumulated losses of HK$48,552,000 and the Group's consolidated net current liabilities and net liabilities amounted to HK$5,941,000 and HK$22,015,000, respectively. The Group also had outstanding other loan and amount due to ultimate holding company of HK$4,535,000 and HK$11,651,000, respectively.

As mentioned in note 35, the other loan and amount due to ultimate holding company, which are repayable in full on 1 April 2010, have been assigned to Long Channel on 24 June 2009. Long Channel has become the immediate holding company of the Company on the same date. On 7 July 2009, Long Channel agreed to extend the repayment date of these loans to 1 April 2011. On 9 July 2009, the Group entered into a facility agreement with Long Channel for a loan facility in an aggregate principal amount up to HK$20,000,000 to finance the Group's operations. Such loan is unsecured, interest bearing at 1% per annum and repayable after the expiry of 18 months from the date of facility agreement or any other date as agreed by Long Channel or the Group in writing. The directors of the Company are confident that the Group will continue to obtain the ongoing support from Long Channel.

In the meantime, the Group will continue to focus on the trading of electronic components business and will expand its product mix by means of merger and acquisition or cooperation to broaden its business scope as well as income source. The directors of the Company are also considering various business alternatives to resume the Group's manufacturing operation to complement the Group's strategic plan in broadening its business scope and sources of income by taking business opportunities to diversify into other business through investments or business ventures.

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. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Subsidiaries deconsolidated

Notwithstanding that the Group holds 100% equity interests in Bailingda Industrial (Shenzhen) Company Limited ("BEP (China)"), Better Electrical Products (HK) Company Limited ("BEP (HK)") and BEP Corporate Management Limited ("BEPCM") as at 31 March 2009, these companies were no longer regarded as subsidiaries of the Group as the directors of the Company are of the opinion that the control of these companies had been lost during the year.

(a) *BEP (China)*

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 PRC lawyer 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) as at that date.

The latest management accounts available are only up to 30 September 2008. Accordingly, the results of BEP (China) have been consolidated in the consolidated financial statements of the Group up to 30 September 2008. The consolidated income statement presented a loss on deconsolidation of HK$49,677,000. Details of the deconsolidation of BEP (China) are stated in note 29(b).

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 HK$26,077,000) which exceeded the amount paid by the local government to the PRC employees for settlement of salaries and compensations upon termination of employment. However, the directors of the Company have not been updated by the Baoan People's Court for the future usage of the residual amount.

The directors of the Company are of the view that the Group has no control over BEP (China) as from 26 October 2008 and will proceed BEP (China) for liquidation when the Group is able to do so.

(b) BEP (HK) and BEPCM

After cessation of operation of BEP (China) from 20 October 2008, the trading business of electrical home appliance was affected and BEP (HK) and BEPCM continued to incur losses. In March 2009, the directors of the Company considered that the losses of BEP (HK) and BEPCM were not bearable and they were in insolvency position, accordingly the directors of the Company appointed BDO Financial Services Limited to handle the liquidation of BEP (HK) and BEPCM.

Extraordinary general meetings of BEP (HK) and BEPCM were convened on 13 March 2009 in which it had been demonstrated to the satisfaction that these companies could not, by reason of its liabilities, continue their businesses and it was resolved to wind up BEP (HK) and BEPCM by way of a voluntary winding up under Section 241 of the Hong Kong Companies Ordinance. On 27 March 2009, the notice of creditors' meetings was published on The Government of the Hong Kong Special Administrative Region Gazette. In this respect, the directors of the Company are of the opinion that the control of BEP (HK) and BEPCM had been lost in March 2009. The directors resolved to deconsolidate BEP (HK) and BEPCM as at that date.

Accordingly, the results of BEP (HK) and BEPCM have been consolidated in the consolidated financial statements of the Group up to 27 March 2009. The consolidated income statement presented a gain on winding up of HK$32,707,000. Details of the winding up of BEP (HK) and BEPCM are stated in note 29(a).

Creditors' meetings for BEP (HK) and BEPCM had been held to consider the statement of affairs. As at the date of approval of consolidated financial statements, the winding up of BEP (HK) and BEPCM are still in progress.

In the opinion of the directors of the Company, the Group has no material obligations or commitments in BEP (China), BEP (HK) and BEPCM that require either adjustments to or disclosure in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations of Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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 [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 1 (Revised)	Presentation of financial statements [3]
HKAS 23 (Revised)	Borrowing costs [3]
HKAS 27 (Revised)	Consolidated and separate financial statements [4]
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [3]
HKAS 39 (Amendment)	Eligible hedge items [4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [3]
HKFRS 3 (Revised)	Business combinations [4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments [3]
HKFRS 8	Operating segments [3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives [5]
HK(IFRIC) – INT 13	Customer loyalty programmes [6]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [3]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners [4]
HK(IFRIC) – INT 18	Transfer of assets from customers [8]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2009.
4 Effective for annual periods beginning on or after 1 July 2009.
5 Effective for annual periods ending on or after 30 June 2009.
6 Effective for annual periods beginning on or after 1 July 2008.
7 Effective for annual periods beginning on or after 1 October 2008.
8 Effective for transfers on or after 1 July 2009.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results or financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for an interest free advance granted by the ultimate holding company which was adjusted to fair value at initial recognition and in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

All intra-company transactions, balances, income and expenses within the Group are eliminated on consolidation.

Revenue recognition

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

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

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

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment losses. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Financial instruments

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment of loans and receivables

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

The objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period ranging from 30 days to 120 days and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

Financial liabilities and equity

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities, including trade and other payables, amount due to a subsidiary under liquidation, other loan, bank borrowings and amount due to ultimate holding company, are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

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

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

Inventories

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

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leases

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the consolidated income statement in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in the consolidated income statement in the period in which the foreign operation is disposed of.

Short-term employee benefits

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

Retirement benefit schemes

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

5. SEGMENT INFORMATION

For management purposes, the Group has determined that geographical segments be presented as the primary reporting format and business segments as the secondary reporting format.

Geographical segments

An analysis of the Group's turnover and contribution to segment results, assets and liabilities by geographical markets, based on the location of customers, irrespective of the origin of the goods, is presented below:

	Europe	North America	Australia and New Zealand	Asia *(Note 1)*	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2009						
Continuing operation						
TURNOVER	–	–	–	5,977	–	5,977
RESULTS						
Segment results	–	–	–	282	–	282
Unallocated income						2
Finance costs						(1,075)
Unallocated expenses						(12,900)
Loss before taxation						(13,691)
Taxation						(22)
Loss for the year						(13,713)
ASSETS						
Segment assets	–	–	–	2,488	–	2,488
Corporate assets						1,495
						3,983
LIABILITIES						
Segment liabilities	–	–	–	2,208	–	2,208
Corporate liabilities						23,790
						25,998

	Europe	North America	Australia and New Zealand	Asia *(Note 1)*	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Discontinued operation						
TURNOVER	42,470	10,215	2,996	14,711	3,437	73,829
RESULTS						
Segment results						
– allocated	5,321	1,796	553	2,056	566	10,292
– unallocated *(Note 2)*	–	–	–	–	–	4,269
	5,321	1,796	553	2,056	566	14,561
Interest income						15
Unallocated income						133
Finance costs						(668)
Unallocated expenses						(19,698)
Gain on winding up of subsidiaries						32,707
Loss on deconsolidation of a subsidiary						(49,677)
Loss before taxation						(22,627)
Taxation						(589)
Loss for the year						(23,216)

As at 31 March 2009, there are no segment assets and segment liabilities related to discontinued operation.

	Europe	North America	Australia and New Zealand	Asia *(Note 1)*	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2009						
Consolidated total						
TURNOVER	42,470	10,215	2,996	20,688	3,437	79,806
RESULTS						
Segment results						
– allocated	5,321	1,796	553	2,338	566	10,574
– unallocated *(Note 2)*	–	–	–	–	–	4,269
	5,321	1,796	553	2,338	566	14,843
Interest income						15
Unallocated income						135
Finance costs						(1,743)
Unallocated expenses						(32,598)
Gain on winding up of subsidiaries						32,707
Loss on deconsolidation of a subsidiary						(49,677)
Loss before taxation						(36,318)
Taxation						(611)
Loss for the year						(36,929)
ASSETS						
Segment assets	–	–	–	2,488	–	2,488
Corporate assets						1,495
						3,983
LIABILITIES						
Segment liabilities	–	–	–	2,208	–	2,208
Corporate liabilities						23,790
						25,998

	Europe	North America	Australia and New Zealand	Asia	Other	Total
				(Note 1)		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2008						
Continuing operation						
TURNOVER	–	–	–	–	–	–
RESULTS						
Segment results	–	–	–	–	–	–
Interest income						1
Finance costs						(18)
Unallocated expenses						(5,616)
Loss before taxation						(5,633)
Taxation						–
Loss for the year						(5,633)
ASSETS						
Corporate assets						1,630
LIABILITIES						
Corporate liabilities						387

	Europe	North America	Australia and New Zealand	Asia	Other	Total
				(Note 1)		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2008						
Discontinued operation						
TURNOVER	189,641	77,208	23,014	40,845	14,623	345,331
RESULTS						
Segment results						
– allocated	4,728	(6,727)	1,402	514	(1,702)	(1,785)
– unallocated *(Note 2)*	–	–	–	–	–	(12,702)
	4,728	(6,727)	1,402	514	(1,702)	(14,487)
Interest income						70
Unallocated income						1,245
Finance costs						(2,124)
Unallocated expenses						(21,067)
Loss before taxation						(36,363)
Taxation						6,040
Loss for the year						(30,323)
ASSETS						
Segment assets						
– allocated	16,026	534	852	3,426	1,239	22,077
– unallocated						84,022
						106,099
Corporate assets						11,497
						117,596
LIABILITIES						
Segment liabilities						
– allocated	1,980	–	–	–	30	2,010
– unallocated						76,586
						78,596
Corporate liabilities						14,515
						93,111

	Europe	North America	Australia and New Zealand	Asia *(Note 1)*	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2008						
Consolidated total						
TURNOVER	189,641	77,208	23,014	40,845	14,623	345,331
RESULTS						
Segments results						
– allocated	4,728	(6,727)	1,402	514	(1,702)	(1,785)
– unallocated *(Note 2)*	–	–	–	–	–	(12,702)
	4,728	(6,727)	1,402	514	(1,702)	(14,487)
Interest income						71
Unallocated income						1,245
Finance costs						(2,142)
Unallocated expenses						(26,683)
Loss before taxation						(41,996)
Taxation						6,040
Loss for the year						(35,956)
ASSETS						
Segment assets						
– allocated	16,026	534	852	3,426	1,239	22,077
– unallocated						84,022
						106,099
Corporate assets						13,127
						119,226
LIABILITIES						
Segment liabilities						
– allocated	1,980	–	–	–	30	2,010
– unallocated						76,586
						78,596
Corporate liabilities						14,902
						93,498

Notes:

1. For segment information relating to continuing operation, Asia represents Hong Kong. For those relating to discontinued operation, Asia mainly represents Japan and Korea.

2. Reversal of (provision for) claims for employees' compensation is considered as segment income or expense but cannot be allocated based on location of customers.

An analysis of the Group's other information related to property, plant and equipment attributable to geographical markets by location of customers for both years is not presented as the amounts involved cannot be allocated by location of its customers.

The following table is an analysis of the carrying amount of segment assets and capital additions, analysed by the geographical areas in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	2,488	26,570	–	1,120
The People's Republic of China ("PRC")	–	79,529	230	4,007
	2,488	106,099	230	5,127

Business segments

For management purpose, the Group was organised into two operating divisions – design, manufacture and sale of home electrical appliances (discontinued operation) and trading of electronic components (continuing operation).

The following table provides an analysis of the Group's sales by operating divisions:

	2009	**2008**
	HK$'000	*HK$'000*
Design, manufacture and sale of home electrical appliances	73,829	345,331
Trading of electronic components	5,977	–
	79,806	345,311

The following table provides an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the operating divisions, for the year ended 31 March 2009:

	Carrying amount of segment assets	**Capital additions**
	HK$'000	*HK$'000*
Design, manufacture and sale of home electrical appliances	–	230
Trading of electronic components	2,488	–
	2,488	230

For the year ended 31 March 2008, the Group's assets are substantially attributable to the design, manufacture and sale of home electrical appliances. Accordingly, no analysis by business segment is presented.

6. REVERSAL OF (PROVISION FOR) CLAIMS FOR EMPLOYEES' OVERTIME COMPENSATIONS

During the year ended 31 March 2008, the Group received three batches of claims from a number of employees of the Group in the PRC (the "PRC Factory Employees") in respect of the underpayment of overtime compensations to the PRC Factory Employees for the period from 1 September 2005 to 30 June 2007. The Group disagreed with the amount of overtime compensations claimed by the PRC Factory Employees and all the three batches of claims were passed to 深圳市寶安區勞動爭議仲裁委員會 (the "Arbitration Committee"). Arbitrations of the three batches of claims were made on 4 December 2007, 14 April 2008 and 30 April 2008, respectively and the arbitrated overtime compensations payable to the PRC Factory Employees, in aggregate, amounted to approximately RMB13,718,000 (equivalent to HK$15,224,000).

The Group and the PRC Factory Employees were not satisfied with the arbitrated amounts and the three batches of claims were then submitted to the Baoan People's Court. Eventually, the Group and the PRC Factory Employees reached a consent on the settlement amounts of the first and second batches of claims which were judged by the Baoan People's Court in May 2008 and July 2008, respectively. The total agreed settlement amount of claims for employees' overtime compensations for the first and second batches of claims was amounted to RMB4,988,000 (equivalent to HK$5,535,000), which was about 50% of the full amount determined by the Arbitration Committee ("50% Settlement Basis").

As at the date of approval of consolidated financial statements for the year ended 31 March 2008, the third batch of claims had not been judged and concluded by the Baoan People's Court. With reference to the outcome of the first and second batches of claims and the legal advice from the Company's PRC lawyers, the directors of the Company expected the Baoan People's Court would conclude the third batch of claims on the same settlement basis as the first and second batches of claims, and the estimated amount of the third batch of claims which would be judged and concluded by the court is RMB2,075,000 (equivalent to HK$2,303,000). In addition, a provision of RMB4,383,000 (equivalent to HK$4,864,000) had been made for the year ended 31 March 2008 in respect of potential claims for underpayment of overtime compensations to other employees in the PRC before 30 June 2007. The balance of claims for employees' overtime compensations as at 31 March 2008 was HK$12,702,000.

During the year ended 31 March 2009, the third batch of claims has been judged and concluded by the Baoan People's Court. The agreed settlement amount is RMB2,433,000 (equivalent to HK$2,765,000) and the difference with the amount accrued as at 31 March 2008 of RMB358,000 (equivalent to HK$462,000) is charged to the consolidated income statement for the year.

According to the legal advice of the Company's PRC lawyers, the Group's PRC employees can claim the underpayment of overtime compensations for a period of not more than two years from the date they make their claims to the Group. No claims of overtime compensations other than the above three batches of claims have been received by the Group, accordingly, provision in respect of potential claims for underpayment of overtime compensations to other employees in the PRC lapsed after two years the other employees have worked overtime. A reversal of HK$4,731,000 is credited to the consolidated income statement and is included in loss for the year from discontinued operation.

7. FINANCE COSTS

	Continuing operation		Discontinued operation		Consolidated total	
	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest on bank borrowings wholly repayable within five years	–	–	–	1,027	–	1,027
Interest on other loan	235	–	–	–	235	–
Imputed interest on amount due to ultimate holding company	822	–	298	–	1,120	–
Finance lease charges	13	16	–	–	13	16
Bank charges	5	2	370	1,097	375	1,099
	1,075	18	668	2,124	1,743	2,142

8. LOSS BEFORE TAXATION

	Continuing operation		Discontinued operation		Consolidated total	
	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):						
Auditor's remuneration	680	–	4	728	684	728
Depreciation of property, plant and equipment						
– owned by the Group	–	–	3,592	10,896	3,592	10,896
– held under a finance lease	115	56	–	–	115	56
Loss (gain) on disposal of property, plant and equipment	–	–	2,210	(193)	2,210	(193)
Minimum lease payments under operating leases in respect of:						
– rented premises	1,272	–	2,392	4,087	3,664	4,087
– motor vehicle	–	–	48	50	48	50
Staff costs						
– directors' remuneration *(note 9)*	1,866	1,804	–	1,148	1,866	2,952
– staff salaries and wages	557	364	20,811	47,916	21,368	48,280
– (reversal of) provision for claims for employees' overtime compensations	–	–	(4,269)	12,702	(4,269)	12,702
– retirement benefits scheme contributions	13	29	220	281	233	310
	2,436	2,197	16,762	62,047	19,198	64,244
Interest income	–	(1)	(15)	(70)	(15)	(71)

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

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

For the year ended 31 March 2009

	Fees	Salaries and allowances	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Zhang Xi	–	257	12	269
Chen Yang	–	747	12	759
Cai Duanhong	–	257	12	269
Zhang Yu	–	257	12	269
Independent non-executive directors:				
Hong Po Kui, Martin	100	–	–	100
Yam Tak Fai, Ronald	100	–	–	100
Wong Man Hin, Raymond	100	–	–	100
	300	1,518	48	1,866

For the year ended 31 March 2008

	Notes	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors:					
Zhang Xi	*(a)*	–	299	4	303
Chen Yang	*(a)*	–	299	4	303
Cai Duanhong	*(a)*	–	299	4	303
Zhang Yu	*(b)*	–	1	–	1
Chan Tat	*(c)*	–	762	–	762
Chan Man Kei	*(c)*	–	–	–	–
Lee Kam Hung	*(c)*	–	955	7	962
Poon Tat Hang	*(d)*	–	–	–	–
Non-executive director:					
Hong Jing Yu	*(c)*	69	–	–	69
Independent non-executive directors:					
Hong Po Kui, Martin	*(a)*	48	–	–	48
Yam Tak Fai, Ronald	*(a)*	48	–	–	48
Wong Man Hin, Raymond	*(a)*	48	–	–	48
Hong Yee Kwong, Paul	*(c)*	35	–	–	35
Lam King Pui	*(c)*	35	–	–	35
Wu Tai Cheung	*(c)*	35	–	–	35
		318	2,615	19	2,952

Notes:

(a) These directors were appointed on 9 October 2007.

(b) The director was appointed on 31 March 2008.

(c) These directors resigned on 29 October 2007.

(d) The director resigned on 7 August 2007.

Employees

The five highest paid individuals of the Group included one (2008: two) director(s), details of whose remuneration are set out above. The emoluments of the remaining four (2008: three) highest paid employee are as follows:

	2009	2008
	HK$'000	*HK$'000*
Salaries and allowances	1,381	1,306
Retirement benefits scheme contributions	33	36
	1,414	1,342

Emoluments of these employees were within the following band:

	Number of employees	
	2009	2008
Nil – HK$1,000,000	4	3

10. TAXATION

	Continuing operation		Discontinued operation		Consolidated total	
	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The (charge) credit comprises:						
Hong Kong Profits Tax						
Overprovision in prior year	–	–	–	1,933	–	1,933
Deferred taxation *(note 24)*	(22)	–	(589)	4,107	(611)	4,107
	(22)	–	(589)	6,040	(611)	6,040

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the companies operating in Hong Kong have no assessable profits for both years.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current tax for the year ended 31 March 2009.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No provision for PRC enterprise income tax was made for 2009 since the subsidiary operating in the PRC incurred a tax loss for the year. No provision for PRC enterprise income tax has been made for 2008 as the profit of that subsidiary was wholly absorbed by tax losses brought forward.

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. 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 year ended 31 March 2009 has been recognised as the subsidiary operating in the PRC incurred losses.

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

	2009 *HK$'000*	2008 *HK$'000*
Loss before taxation	(36,318)	(41,996)
Tax credit at the domestic income tax rate of 16.5% (2008: 17.5%)	5,992	7,349
Tax effect of expenses that are not deductible for taxation purposes	(9,327)	(993)
Tax effect of income that is not taxable for taxation purposes	5,396	82
Tax effect of tax losses not recognised	(3,629)	(1,878)
Utilisation of tax losses previously not recognised	812	867
Effect of different tax rate	145	49
Overprovision in prior year	–	1,933
Others	–	(1,369)
Taxation (charge) credit for the year	(611)	6,040

11. DISCONTINUED OPERATION

BEP (China) and BEP (HK) are principally engaged in the design, manufacture and sale of home electrical appliances. Upon deconsolidation of BEP (China) and winding up of BEP (HK) during the year, the Group has ceased these operations. Accordingly, the design, manufacture and sale of home electrical appliances operation is presented as a discontinued operation in the consolidated financial statements. The results of the design, manufacture and sale of home electrical appliances operation for the year, which have been included in the consolidated income statement, are as follows:

	NOTES	2009 *HK$'000*	2008 *HK$'000*
Turnover	*5*	73,829	345,331
Cost of sales		(59,168)	(337,107)
Gross profit		14,661	8,224
Other income		148	1,315
Selling and distribution costs		(4,369)	(10,009)
Administrative expenses		(19,698)	(21,067)
Reversal of (provision for) claims for employees' overtime compensations	*6*	4,269	(12,702)
Finance costs	*7*	(668)	(2,124)
Loss before taxation	*8*	(5,657)	(36,363)
Taxation	*10*	(589)	6,040
Loss of design, manufacture and sale of home electrical appliances operation for the year		(6,246)	(30,323)
Gain on winding up of subsidiaries	*29(a)*	32,707	–
Loss on deconsolidation of a subsidiary	*29(b)*	(49,677)	–
		(23,216)	(30,323)

During the year, BEP (China) and BEP (HK) used HK$7,176,000 (2008: contributed HK$31,446,000) in respect of the Group's net operating cash flows, paid HK$285,000 (2008: HK$5,279,000) in respect of investing activities and paid HK$4,417,000 (2008: HK$17,212,000) in respect of financing activities.

The carrying amounts of the assets and liabilities of BEP (China) and BEP (HK) at the date of disposal are disclosed in note 29.

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2009, nor has any dividend been proposed since the balance sheet date (2008: nil).

13. LOSS PER SHARE

For continuing and discontinued operations

The calculation of basic loss per share is based on the loss for the year attributable to shareholders of the Company of HK$36,929,000 (2008: HK$35,956,000) and on the weighted average of 4,852,000,000 ordinary shares (2008: 4,833,628,415) in issue during the year.

From continuing operation

The calculation of basic loss per share is based on the loss for the year from continuing operation attributable to shareholders of the Company of HK$13,713,000 (2008: HK$5,633,000) and on the weighted average of 4,852,000,000 ordinary shares (2008: 4,833,628,415) in issue during the year.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Moulds	Furniture and fixtures	Office equipment	Motor vehicles	Computer equipment	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 April 2007	55,386	62,975	918	2,503	2,933	2,569	–	127,284
Currency realignment	5,385	4,936	–	101	–	22	–	10,444
Additions	750	3,977	–	8	558	29	400	5,722
Disposals	–	–	–	–	(678)	–	–	(678)
At 31 March 2008	61,521	71,888	918	2,612	2,813	2,620	400	142,772
Currency realignment	1,212	1,172	–	23	2	5	8	2,422
Additions	–	–	–	–	15	55	230	300
Disposals	(1,820)	(13,539)	(897)	(1,474)	(1,793)	(1,563)	–	(21,086)
Deconsolidation of a subsidiary	(60,913)	(59,521)	–	(1,153)	(117)	(251)	(638)	(122,593)
Winding up of subsidiaries	–	–	(21)	(8)	(461)	(866)	–	(1,356)
At 31 March 2009	–	–	–	–	459	–	–	459
DEPRECIATION								
At 1 April 2007	37,499	55,223	911	2,369	2,817	2,446	–	101,265
Currency realignment	3,672	4,412	–	89	–	17	–	8,190
Provided for the year	3,432	7,179	7	43	193	98	–	10,952
Eliminated on disposals	–	–	–	–	(678)	–	–	(678)
At 31 March 2008	44,603	66,814	918	2,501	2,332	2,561	–	119,729
Currency realignment	889	1,097	–	21	–	5	–	2,012
Provided for the year	1,565	1,936	–	23	142	41	–	3,707
Eliminated on disposals	(972)	(12,191)	(898)	(1,467)	(1,792)	(1,556)	–	(18,876)
Deconsolidation of a subsidiary	(46,085)	(57,656)	–	(1,073)	(51)	(239)	–	(105,104)
Winding up of subsidiaries	–	–	(20)	(5)	(461)	(812)	–	(1,298)
At 31 March 2009	–	–	–	–	170	–	–	170
CARRYING VALUES								
At 31 March 2009	–	–	–	–	289	–	–	289
At 31 March 2008	16,918	5,074	–	111	481	59	400	23,043

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

Plant and machinery	10%
Moulds	30%
Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	20 – 25%
Computer equipment	25%

The carrying value of motor vehicles of HK$289,000 (2008: HK$481,000) includes an amount of HK$273,000 (2008: HK$388,000) in respect of asset held under a finance lease.

15. INVENTORIES

	2009	**2008**
	HK$'000	*HK$'000*
Raw materials	–	10,528
Work in progress	–	34,509
Finished goods	–	8,879
	–	53,916

16. TRADE AND OTHER RECEIVABLES

	2009	**2008**
	HK$'000	*HK$'000*
Trade debtors	–	22,077
Trade deposits paid	2,488	2,343
Value added tax recoverable	–	5,371
Sundry debtors and prepayments	1,039	2,960
	3,527	32,751

The aged analysis of trade debtors at the balance sheet date is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
0 – 30 days	–	17,097
31 – 60 days	–	1,351
61 – 180 days	–	275
Over 180 days	–	3,354
	–	22,077

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 120 days. For other trade debts, the Group provided a credit period normally ranging from 30 to 90 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 goods repayment history and low default rates.

Included in the Group's trade debtors as at 31 March 2008 were debtors with aggregate carrying amount of HK$3,368,000 (2009: nil) which were past due at the reporting date 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 balance sheet date. The Group did not hold any collateral over these balances.

The aged analysis of trade debtors which were past due but not impaired is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
91 – 180 days	–	14
181 – 365 days	–	3,065
Over 1 year	–	289
	–	3,368

Included in trade debtors as at 31 March 2008 were bills discounted with recourse amounting to HK$3,883,000 (2009: nil).

17. BANK BALANCES AND CASH

The bank balances carry interest at market rates which range from 0.01% to 0.1% (2008: 0.1% to 3.50%) per annum.

18. TRADE AND OTHER PAYABLES

	2009	**2008**
	HK$'000	*HK$'000*
Trade creditors	–	63,884
Claims for employees' overtime compensations *(note 6)*	–	12,702
Other payables and accruals	5,094	5,424
Trade deposits received	2,208	2,010
	7,302	84,020

The aged analysis of trade creditors at the balance sheet date is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
0 – 30 days	–	18,323
31 – 60 days	–	23,839
61 – 180 days	–	18,806
Over 180 days	–	2,916
	–	63,884

The credit period on purchases of goods is ranged from 60 to 90 days.

19. AMOUNT DUE TO A SUBSIDIARY UNDER LIQUIDATION

The amount is unsecured, interest free and repayable on demand.

20. OTHER LOAN

The amount of RMB4,000,000 (equivalent to HK$4,535,000) is unsecured, interest bearing at variable interest rate ranging from 5% to 6.5% per annum and repayable in full on 1 April 2010. Subsequent to the balance sheet date, the other loan was assigned by the lender and repayment date was extended with details set out in note 35.

21. OBLIGATIONS UNDER A FINANCE LEASE

In prior year, the Group entered into a finance lease to acquire a motor vehicle. The lease term is 3 years and the interest rate is fixed at 12% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable under finance lease				
Within one year	124	124	111	111
In more than one year but not more than two years	124	124	111	111
In more than two years but not more than five years	48	166	44	155
	296	414	266	377
Less: Future finance charges	(30)	(37)	N/A	N/A
Present value of lease obligation	266	377	266	377
Less: Amount due for settlement within one year (shown under current liabilities)			(111)	(111)
Amount due for settlement after one year			155	266

The Group's obligations under a finance lease is secured by the lessor's charge over the leased asset.

22. BANK BORROWINGS

	2009	**2008**
	HK$'000	*HK$'000*
Loans related to bills discounted with recourse *(note 16)*	–	3,883
Trust receipts and import loans	–	549
	–	4,432

As at 31 March 2008, the bank borrowings were secured by debentures on all assets of the Company, BEPCL and BEP (HK); pledge of shares of BEP (China); and corporate guarantee given by the Company and BEPCL, interest bearing at 1.25% per annum above London Interbank Offered Rate/Hong Kong Interbank Offered Rate, ranging from 3.23% to 6.40% per annum, and fully repaid upon termination of banking facilities during the year.

23. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

During the year, Big Jump has advanced a sum of HK$12,170,000 (2008: HK$5,000,000) to the Company. These advances are unsecured and interest free. The advances of HK$12,170,000 granted during the year are due on 1 April 2010 and the advance of HK$5,000,000 granted in 2008 was deconsolidated on winding up of a subsidiary.

The fair value at initial recognition, amounting to HK$10,829,000 (2008: HK$4,669,000), was determined based on the present value of the estimated future cash flows discounted using an interest rate of 7.1% (2008: 6.4%), which is similar to the effective interest rate of bank borrowings.

Subsequent to the balance sheet date, the amount was assigned by Big Jump and repayment date was extended with details set out in note 35.

24. DEFERRED TAXATION

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

	Accelerated tax depreciation	Claims for employees' overtime compensations	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	(446)	–	–	(446)
Credit to income for the year	1,594	2,287	226	4,107
At 31 March 2008	1,148	2,287	226	3,661
Credit (charge) to income for the year	158	(769)	–	(611)
Deconsolidation of a subsidiary	(1,554)	(1,518)	–	(3,072)
Winding up of subsidiaries	226	–	(226)	–
At 31 March 2009	(22)	–	–	(22)

The Group has not recognised deferred tax asset in respect of tax losses of HK$7,250,000 (2008: HK$67,465,000) due to the unpredictability of future profit streams. A deferred tax asset has been recognised in respect of nil (2008: HK$1,292,000) of tax losses. During the year, tax losses of HK$16,882,000 and HK$60,410,000 were eliminated on deconsolidation and winding up of subsidiaries, respectively.

Included in the tax losses are losses of nil (2008: HK$5,264,000) that will expire in the year of 2011, the remaining tax losses of HK$7,250,000 (2008: HK$63,493,000) have not been agreed by Inland Revenue Department.

25. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 1 April 2007	10,000,000,000	100,000
Subdivision of shares	190,000,000,000	–
Ordinary shares of HK$0.0005 each at 31 March 2008 and 31 March 2009	200,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 April 2007	240,000,000	2,400
Issue of shares upon exercise of share options	2,600,000	26
Subdivision of shares	4,609,400,000	–
Ordinary shares of HK$0.0005 each at 31 March 2008 and 31 March 2009	4,852,000,000	2,426

The new shares issued during the year ended 31 March 2008 rank pari passu in all respects with the existing shares in issue.

Pursuant to an ordinary resolution passed at special general meeting of the Company held on 17 January 2008, the authorised share capital of the Company of HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each was and hereby subdivided into 200,000,000,000 shares of HK$0.0005 each by subdividing every issued and unissued share of HK$0.01 in the capital of the Company into 20 shares of HK$0.0005 each ("Subdivided Shares") and that all the Subdivided Shares rank pari passu in all respects.

26. SHARE OPTION SCHEME

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

Under the Scheme, the Board may, at its discretion, invite any employees of the Group, including any executive directors of the Company and its subsidiaries, to take up options to subscribe for the Company's shares. Consideration of HK$1 is payable on the grant of an option. The exercise price of the options may be determined by the Board in its absolute discretion but must not be less than the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant. The options vest immediately from the date of grant and may be exercised in accordance with the terms of the Scheme at any time during the period to be determined and notified by the Board to each grantee but in any event such period may not be more than ten years after it has been granted.

The total number of shares issued and to be issued upon exercise of options granted and to be granted to each grantee in any 12-month period up to and including the date of further grant must not exceed 1% of the shares in issue. Any further grant of options in excess of the above limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be issued under the Scheme and any other share option scheme adopted by the Company must not exceed 30% of the shares in issue from time to time.

No options were outstanding, granted or exercised during the year ended 31 March 2009. The movements of the options granted under the Scheme for the year ended 31 March 2008 were as follows:

		Number of share options		
Date of grant	**Exercise price** *HK$*	**Outstanding at 1.4.2007**	**Exercised during the year**	**Outstanding at end 31.3.2008**
13 August 2003	0.69	2,600,000	(2,600,000)	–
Exercisable at the end of the year				–

Holders of the share options are analysed as follows:

	Outstanding at 1.4.2007	Exercised during the year	Outstanding at end 31.3.2008
Directors	1,500,000	(1,500,000)	–
Employees	1,100,000	(1,100,000)	–
	2,600,000	(2,600,000)	–

The above options were granted for an exercise period of ten years from the date of grant of the options.

In respect of the share options exercised during the year ended 31 March 2008, the weighted average share price at the dates of exercise was HK$1.8.

27. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes other loan, bank borrowings and amount due to ultimate holding company disclosed in notes 20, 22 and 23 and equity attributable to shareholders of the Company, comprising issued share capital, reserves and accumulated profits/losses.

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

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2009	**2008**
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	167	27,932
Financial liabilities		
Financial liabilities at amortised cost	18,408	85,687

Financial risk management objectives and policies

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

Currency risk

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

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

	2009		2008	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Renminbi ("RMB")	–	4,535	–	1,602
United States dollars ("USD")	8	–	25,051	12,736

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

Sensitivity analysis

For the year ended 31 March 2008, the Group was mainly exposed to USD. Under the linked exchange rate system, the financial impact on exchange difference between HKD and USD would be immaterial and therefore no sensitivity analysis has been prepared.

For the year ended 31 March 2009, the Group is mainly exposed to RMB. The following table details the Group's sensitivity to a 5% increase and decrease in HKD against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number indicates a decrease in loss for the year where HKD strengthens against RMB. For a 5% weakening of HKD against RMB, there would be an equal and opposite impact on the loss for the year, and the balances below would be negative.

	2009	**2008**
	HK$'000	*HK$'000*
Decrease in loss for the year	227	80

Cash flow interest rate risk

The Group has cash flow interest rate risk on floating-rate borrowings. The Group currently does not have any policy on cash flow hedges of interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

As at 31 March 2009, the Group's cash flow interest rate risk was mainly concentrated on the fluctuation of Hong Kong prime rate arising from its floating-rate other loan.

As at 31 March 2008, the Group's cash flow interest rate risk was mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate and London Interbank Offered Rate arising from its floating-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate borrowings at the balance sheet date. The analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2009 would increase/decrease by HK$23,000 (2008: HK$22,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2009 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

As at 31 March 2008, the Group's concentration of credit risk on trade receivables by geographical locations was mainly in Europe. The trade debtors located in Europe, which are mainly engaged in the business of retail and wholesale of home electrical appliances, accounted for 73% of the Group's total trade debtors as at 31 March 2008. The Group also had concentration of credit risk by customers as 43% and 86% of the total trade debtors were due from the Group's largest customer and the five largest customers, respectively. In the opinion of the directors, four out of the five largest customers are international customers with good credibility.

Liquidity risk

In the management of the liquidity risk, the Group matches the maturity profiles of financial assets and liabilities and monitors the borrowings. The Group relies on financing from ultimate holding company and other loan as a significant source of liquidity.

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

Liquidity table

	Effective interest rate	Repayable on demand	Less than 3 months	4-6 months	7-12 months	Over 1 year	Total undiscounted cash flows	Total Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2009								
Amount due to a subsidiary under liquidation	–	2,222	–	–	–	–	2,222	2,222
Amount due to ultimate holding company	7.1	–	–	–	–	12,170	12,170	11,651
Obligations under a finance lease	12.0	–	31	31	62	172	296	266
Other loan – variable rate	6.5	–	–	–	–	4,830	4,830	4,535
		2,222	31	31	62	17,172	19,518	18,674
At 31 March 2008								
Trade and other payables	–	–	76,586	–	–	–	76,586	76,586
Amount due to ultimate holding company	6.4	–	–	–	–	5,000	5,000	4,669
Obligations under a finance lease	12.0	–	31	31	62	290	414	377
Bank borrowings – variable rate	3.2	–	4,467	–	–	–	4,467	4,432
		–	81,084	31	62	5,290	86,467	86,064

Fair values

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

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

29. DECONSOLIDATION OF A SUBSIDIARY/WINDING UP OF SUBSIDIARIES

(a) Gain on winding up of subsidiaries (BEP (HK) and BEPCM)

Details of the net assets disposed of are set out below.

	2009	2008
	HK$'000	*HK$'000*
Net assets disposed of:		
Property, plant and equipment	58	–
Trade and other receivables	4,776	–
Amount due from a group company	2,222	–
Bank balances and cash	7	–
Trade and other payables	(35,062)	–
Amount due to ultimate holding company	(4,708)	–
	(32,707)	–
Gain on winding up of subsidiaries	32,707	–
	–	–
Analysis of net outflow of cash and cash equivalents arising from winding up of subsidiaries		
Bank balances and cash of winding up subsidiaries	(7)	–

(b) Loss on deconsolidation of a subsidiary (BEP (China))

Details of the net assets disposed of are set out below.

	2009	2008
	HK$'000	*HK$'000*
Net assets disposed of:		
Property, plant and equipment	17,489	–
Deferred tax assets	3,072	–
Inventories	57,996	–
Trade and other receivables	5,295	–
Bank balances and cash	1,522	–
Trade and other payables	(21,122)	–
	64,252	–
Loss on deconsolidation of a subsidiary	(49,677)	–
Translation reserve released upon deconsolidation	(14,575)	–
	–	–
Analysis of net outflow of cash and cash equivalents arising from deconsolidation of a subsidiary		
Bank balances and cash of a deconsolidated subsidiary	(1,522)	–

30. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2008, the Group entered into a finance lease arrangement in respect of asset with a total capital value at the inception of the lease of HK$444,000 (2009: nil).

31. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Rented premises		
Within one year	2,501	2,501
In the second to fifth years inclusive	393	143
	2,894	2,644
Motor vehicle		
Within one year	–	120
In the second to fifth years inclusive	–	70
	–	190

Operating lease payments represent rentals payable by the Group for its office and factory premises and motor vehicle. Leases are negotiated for an average term of two years and rentals are fixed over the lease terms.

32. RETIREMENT BENEFITS SCHEME

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

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

33. LITIGATIONS

(a) BEP (China)

Up to the date of approval of the consolidated financial statements, the Group received claims from a number of suppliers of an aggregate amount of RMB14,502,000 (equivalent to HK$16,442,000) against BEP (China). All claims have either been settled through court mediation or are in the court proceedings. The premises of BEP (China) have been withheld by the Baoan People's Court, and there is a possibility that new claims might be made against the Group for which the Group has no knowledge. With the advice from a legal adviser, the directors of the Company are of the opinion that BEP (China) will be liable for its own debts and liabilities as it is a company established in the PRC with limited liability. As a result, the Group has no legal obligation to pay the alleged debts and interest. Accordingly, no provision in respect thereof has been made in the consolidated financial statements.

(b) BEP (HK)

Up to the date of approval of the consolidated financial statements, the Group also received claims of an aggregate amount of HK$19,705,000 against BEP (HK). As BEP (HK) has appointed a liquidator and is in the process of winding up, there is a possibility that new claims might be made against BEP (HK) for which the Group has no knowledge. As BEP (HK) is a limited liability company incorporated in Hong Kong, the directors of the Company are of the opinion that the Group has no legal obligation to pay the alleged debts and interest. Accordingly, no provision in respect thereof has been made in the consolidated financial statements.

34. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2008, the Group paid rental expenses of HK$2,446,000 to a related company which was beneficially owned by a director of the Company (2009: nil).

Compensation of key management personnel

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

	2009	**2008**
	HK$'000	*HK$'000*
Short-term employee benefits	2,899	3,921
Post employment benefits	81	55
	2,980	3,976

35. POST BALANCE SHEET EVENT

In January 2008, Mr. Zhang Xi, a director and major shareholder of the Company, entered into a loan agreement with Longtale International Limited ("Longtale") and Elite Agent Limited ("Elite") for facilities granted to him and charged 3,453,000,000 shares, representing approximately 71.17% of the issued share capital of the Company, held by Big Jump as security. Mr. Zhang Xi has defaulted the repayment of the loan and this empowered Longtale and Elite the right to sell the charged shares.

In addition, on 30 May 2009, the advance from Big Jump, which is wholly and beneficially owned by Mr. Zhang Xi, with total principal amount of approximately HK$17,170,000 (representing the advance to the Group with principal amount of HK$12,170,000 as set out in note 23 and the advance to BEP (HK) with principal amount of HK$5,000,000 which was deconsolidated on winding up of BEP (HK)) was assigned to Elite. On the same date, the other loan of RMB4,000,000 (equivalent to HK$4,535,000) as set out in note 20 was also assigned to Elite. There is no change in repayment terms upon assignments of the advance from Big Jump and the other loan.

On 10 June 2009, Longtale and Elite entered into a sale and purchase agreement with Long Channel for the disposal of 2,703,000,000 shares in the Company, representing part of the charged shares as mentioned above, for a consideration of HK$9,000,000 and the debts owed by the Group to Elite of an aggregate amount of approximately HK$21,705,000 for an aggregate consideration of HK$13,000,000. There is no change in repayment terms upon assignment of the debts owed by the Group to Elite. After the completion of the sale and purchase agreement on 24 June 2009, Long Channel has become the immediate holding company of the Company.

On 7 July 2009, Long Channel agreed to extend the repayment date of the debts owed by the Group to 1 April 2011. On 9 July 2009, the Group entered into a facility agreement with Long Channel for a loan facility in an aggregate principal amount up to HK$20,000,000 to finance the Group's operations. Such loan is unsecured, interest bearing at 1% per annum and repayable after the expiry of 18 months from the date of facility agreement or any other date as agreed by Long Channel or the Group in writing.

36. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Attributable equity interest to the Group 2009	2008	Principal activities
Better Electrical Products Company Limited *(Note a)*	British Virgin Islands ("BVI")/Hong Kong	US$10,000	100%	100%	Investment holding
BEP Corporate Services Limited *(Note b)*	Hong Kong	HK$1	100%	–	Provision of management services
BEP Enterprises Limited *(Notes a and b)*	Samoa/Hong Kong	US$1	100%	–	Investment holding
BEP International Trading Limited *(Notes a and b)*	Samoa/Hong Kong	US$1	100%	–	Investment holding
BEP Management Services Limited *(Note b)*	Hong Kong	HK$100	100%	–	Provision of management services
Better Business Services Limited *(Note b)*	Hong Kong	HK$1	100%	–	Provision of management services
Smart Luck Trading Limited *(Note b)*	Hong Kong	HK$100	100%	–	Trading of home electrical appliances and electronic components
Top Splendor International Development Limited *(Notes aand b)*	BVI/Hong Kong	US$100	100%	–	Investment holding
BEP (China) *(Note c)*	PRC	US$9,000,000	–	100%	Manufacture of home electrical appliances
BEP (HK) *(Note d)*	Hong Kong	HK$10,000	–	100%	Design, manufacture and sale of home electrical appliances
BEPCM *(Note d)*	Hong Kong	HK$10,000	–	100%	Dormant

Notes:

(a) Directly held by the Company.

(b) These subsidiaries were incorporated during the year.

(c) The subsidiary was deconsolidated during the year.

(d) These subsidiaries were placed under voluntary liquidation during the year.

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

3. INDEBTEDNESS

At the close of business on 31 May 2009, being the latest practicable date for ascertaining information regarding this statement of indebtedness, the Group did not have any outstanding bank borrowing and the outstanding principal amount of other borrowings at that date is approximately HK$17,864,000. The outstanding other borrowings comprised (i) the amount of HK$1,240,000 due to Big Jump Investment Limited, the Company's ultimate holding company as at 31 May 2009; and (ii) the other loan of HK$16,624,000 due to Elite Agent. The outstanding other borrowings were subsequently assigned to the Offeror on 24 June 2009 and the Offeror has become the Company's immediate holding company on the same date. In addition, on 31 May 2009, the Group had obligation under a finance lease of approximately HK$240,000 and contingent liability in respect of guarantee provided to undertake the liquidator fee of approximately HK$450,000.

The above statement of indebtedness as at 31 May 2009 was prepared by the Directors on the basis that Bailingda Industrial (Shenzhen) Company Limited ("BEP (China)"), Better Electrical Products (HK) Limited ("BEP (HK)") and BEP Corporate Management Limited ("BEPCM") were deconsolidated during the year ended 31 March 2009. The Directors consider that the Group no longer had the power to govern the financial and operating policies of BEP (China), while a liquidator has been appointed to start the liquidation process of BEP (HK) and BEPCM. Accordingly, the control over BEP (China), BEP (HK) and BEPCM has been lost. However, the auditor of the Company was unable to express an audit opinion on the Group's consolidated financial statements for the year ended 31 March 2009 as they were unable to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy themselves as to whether it is appropriate to deconsolidate the assets and liabilities of BEP (China) from the consolidated financial statements.

All the legal claims received by the Company against BEP (China) and BEP (HK) are set out in the section headed "5. Litigation" in Appendix II. Notwithstanding that the Group holds 100% equity interests in BEP (China) and BEP (HK), these companies are no longer regarded as subsidiaries of the Group as the Directors are of the opinion that the control of these companies has been lost. In addition, as BEP (China) and BEP (HK) are limited liability companies, the Directors are of the opinion that the Company has no legal obligation to pay the alleged debts and interest.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 May 2009 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Foreign currency amounts have been translated at the approximate exchange rates prevailing at the close of business on 31 May 2009.

In addition, the Group did not have any material change in terms of indebtedness and contingent liabilities between 31 May 2009 and up to the Latest Practicable Date.

4. MATERIAL CHANGE

As at the Latest Practicable Date, save for the Offeror has granted to the Company, on 9 July 2009, a loan facility in an aggregate principal amount up to HK$20,000,000 to finance the Group's operations, the Directors confirm that they are not aware that there has been any material change in the financial or trading position or outlook of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document have been arrived at after due and careful consideration and there are no other facts not contained in this document, the omission of which would make any statement in this document misleading.

The information contained in this document relating to the Offer and the Offeror has been extracted or derived from the Offer Document. The Directors accept full responsibility for the correctness and fairness of the reproduction or presentation of such information but accept no further responsibility in respect of such information.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised capital of the Company was HK$100,000,000 divided into 200,000,000,000 Shares of HK$0.0005 each, of which 4,852,000,000 Shares had been issued and were fully paid up. All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital.

As at the Latest Practicable Date, no Shares have been issued by the Company since 31 March 2009 (being the date to which its latest published audited accounts were prepared).

As at the Latest Practicable Date, save for the 4,852,000,000 Shares in issue, the Company had no other Shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares.

3. DISCLOSURE OF INTERESTS

(1) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities

Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules or as required to be disclosed under the Takeover Code were as follows:

Interests in Shares and underlying Shares

Name	Number of shares	Nature of interest	Percentage of shareholding
Mr. Zhang	750,000,000 *(Note 1)*	Corporate Interest	15.46%
Mr. Suen	2,703,000,000 *(Note 2)*	Corporate Interest	55.71%

Notes:

1. 750,000,000 Shares were held by Big Jump, which was wholly owned by Mr. Zhang. Immediately after Completion and at as the Latest Practicable Date, 750,000,000 Shares remained to be subject to the Share Charge, and the Vendors were deemed to be interested in such 750,000,000 Shares under the SFO. The Vendors had given an irrevocable undertaking to the Offeror by which the Vendors had jointly and severally undertaken that they would duly exercise their contractual rights under the Share Charge so that Mr. Zhang should not be able to accept the Offer in connection with the 750,000,000 Shares (which is and will continue to be subject to the Share Charge) during the subsistence of the Share Charge.

2. 2,703,000,000 Shares were beneficially owned by the Offeror, which is wholly owned by Loyal Giant Holdings Limited, which is in turn wholly and beneficially owned by Mr. Suen.

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or as required to be disclosed under the Takeovers Code.

(2) Interest in the Offeror

As at the Latest Practicable Date, save for Mr. Suen who is the ultimate beneficial owner of the Offeror, none of the Company nor any of the Directors has any interests in the shares of the Offeror.

(3) Directors' Service Contracts

Each of Mr. Li Hiu Ming and Mr. Poon Hor On entered into to a service contract dated 6 July 2009 with the Company, which is deemed to commence on 27 May 2009 and with their terms of service continue on a monthly basis, terminable by either party by giving two months' notice. There is no fixed expiry date for their service contracts, but their terms of service are subject to retirement by rotation or otherwise in accordance with the bye-laws of the Company and the Listing Rules. Each of them is entitled to a remuneration of HK$10,000 per month. They are also entitled to discretionary bonuses or other benefits as may be decided by the Board having regard to their respective performance. There is no earlier service contract between any of them and the Company.

Each of Mr. Siu Hi Lam, Alick, Mr. To Yan Ming, Edmond and Mr. Chan Kwong Fat, George entered into a service contract dated 5 June 2009 with the Company for a fixed term of twelve months commencing from 5 June 2009, which will be automatically renewed for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. There is no fixed expiry date for their service contracts, but their terms of service are subject to retirement by rotation or otherwise in accordance with the bye-laws of the Company and the Listing Rules. Each of them is entitled to a remuneration of HK$60,000 per annum. No bonus is payable to any of them. There is no earlier service contract between any of them and the Company.

Each of Mr. Suen Cho Hung, Paul and Mr. Sue Ka Lok entered into a service contract dated 20 July 2009 with the Company with their terms of service continue on a monthly basis, terminable by either party by giving two months notice. There is no fixed expiry date for their service contracts, but their terms of service are subject to retirement by rotation or otherwise in accordance with the bye-laws of the Company and the Listing Rules. Each of them is entitled to a remuneration of HK$10,000 per month. They are also entitled to discretionary bonus or other benefits as may be decided by the Board having regard to their respective performance. There is no earlier service contract between any of them and the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contracts) have been entered into or amended within six months before the commencement of the offer period (as defined under the Takeovers Code); (ii) which are continuous contracts with a notice period of twelve months or more; or (iii) which are fixed term contracts with more than twelve months to run irrespective of the notice period.

(4) Arrangements affecting the Directors

As at the Latest Practicable Date,

(a) none of the existing Directors would be given any benefit (other than statutory compensation) as compensation for loss of office or otherwise in connection with the Offer;

(b) there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

(c) save for the fact that the Vendors have given the irrevocable undertaking to the Offeror pursuant to which the Vendors had jointly and severally undertaken that they would duly exercise their contractual rights under the Share Charge so that Mr. Zhang should not be able to accept the Offer in connection with the 750,000,000 Shares (which is and will continue to be subject to the Share Charge) during the subsistence of the Share Charge, there was no material contract entered into by the Offeror in which any of the Directors had a material personal interest.

(5) Other Disclosure of Interests

As at the Latest Practicable Date,

(a) no subsidiary of the Company or pension fund of the Group or adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code had any Shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares or dealt in any Shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares during the Relevant Period;

(b) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Company or any of its associates (by virtue of classes (1), (2), (3) or (4) of the definition of associate under the Takeovers Code) and any other person;

(c) no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company and no such fund managers had any dealing in any Shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares during the Relevant Period;

(d) save for the fact that the Vendors have given the irrevocable undertaking to the Offeror pursuant to which the Vendors had jointly and severally undertaken that they would duly exercise their contractual rights under the Share Charge so that Mr. Zhang should not be able to accept the Offer in connection with the 750,000,000 Shares (which is and will continue to be subject to the Share Charge) during the subsistence of the Share Charge, no Director intended to accept or reject the Offer; and

(e) none of the Company or any of the Directors had borrowed or lent any Shares.

4. DEALING IN SHARES

Save for the acquisition of the 2,703,000,000 Shares by the Offeror (a company wholly, beneficially and ultimately owned by Mr. Suen, an executive Director) under the Sale and Purchase Agreement, during the Relevant Period, none of the Directors had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and neither the Company nor any of the Directors had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

5. LITIGATION

Save as disclosed herein, as at the Latest Practicable Date, none of the members of Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

i. On 3 June 2008, 百靈達實業（深圳）有限公司 (Bailingda Industrial (Shenzhen) Co., Limited*) ("BEP (China)"), a wholly-owned subsidiary of the Company in the PRC, received a claim from 中山金輪五金電器製品有限公司 (Zhong Shan Camewheel Industrial Limited*), a supplier, for RMB2,674,116.62, being the outstanding purchase prices of goods sold and delivered to BEP (China). A judgment was made by the People's Court of Bao'an District, Shenzhen, PRC (the "PRC Court") after mediation on 19 August 2008 and the settlement payable to the plaintiff, together with judgment interest and legal costs, amounted to RMB2,729,079.18 and BEP (China) has paid portion of the settlement amount of RMB454,846.53.

   On 10 September 2008, a writ of summons and a statement of claim were issued by the same plaintiff against Better Electrical Products (HK) Company Limited ("BEP (HK)") for an outstanding sum of RMB152,044 together with judgment interest and legal costs. A defence was filed on 20 October 2008.

   On 17 November 2008, a civil judgment issued by the PRC Court ordered that the assets of BEP (China) be subject to auction as BEP (China) refused to settle the outstanding sum. As some of the creditors raised that they were not informed of the time of auction and considered to apply to wind up BEP (China), on 16 April 2009, a notice was issued by PRC Court that the auction would be suspended.

   On 2 December 2008, an amended writ of summons and a statement of claim were issued by the same plaintiff against BEP (HK) for the outstanding settlement amount of RMB2,230,651.17, together with judgment interest and legal costs. On 31 December 2008, BEP (HK) applied to the court to set aside the writ of summons.

* *For identification purpose only*

ii. On 27 August 2008, a judgment was made by the PRC Court after mediation in relation to a claim from 深圳市拓益實業有限公司 (Shenzhen Tuo Yi Industiral Limited*), a supplier, against BEP (China) for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB128,350.28.

iii. On 27 August 2008, a judgment was made by the PRC Court after mediation in relation to a claim from 寶安現代包裝材料有限公司 (Bao An Modern Packing Material Co., Ltd.), a supplier, against BEP (China) for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to HK$78,372.88.

iv. On 1 September 2008, Pan Pacific Technology Company Limited, a supplier, commenced legal proceedings against BEP (HK) to claim approximately HK$6.12 million together with judgment interest and legal costs for price of goods sold and delivered to BEP (HK). A summary judgment was entered against BEP (HK) on 21 November 2008. BEP (HK) had instructed its lawyer to appeal against such judgment and a notice of appeal to set aside the summary judgment was filed on 18 November 2008 and subsequently the notice of appeal was withdrawn on 27 March 2009.

v. On 26 September 2008, BEP (China) received a claim from 江門泓達金屬電器製品有限公司 (Jiangmen Hong Da Metal Electric Equipment Co., Limited*), a supplier, against BEP (China) for RMB769,467.92, being the amount due and owing to the plaintiff for the processing service for stainless steel products delivered to BEP (China). A judgment was made by the People's Court of Jiangmen on 21 October 2008 ordering BEP (China) to pay to the plaintiff the amount due and owing and responsible for the legal costs.

vi. On 30 September 2008, a writ of summons and a statement of claim were issued by Chung Tai Printing (China) Company Limited, a supplier, against BEP (HK) in relation to a claim of HK$90,170.00, being the outstanding price for goods sold and delivered to BEP (HK), together with judgment interest and legal costs. A defence was filed on 17 November 2008.

vii. On 13 October 2008, an amended writ of summons and a statement of claim were issued by Light Star Int'l Printing Limited, a supplier, against BEP (HK) in relation to a claim of HK$134,317.50, being the amount due and owing to the plaintiff for the price of goods sold and delivered to BEP (HK), together with judgment interest and legal costs. A summary judgment was applied for by the plaintiff on 10 December 2008. BEP (HK) filed an affirmation in opposition to the application for summary judgment on 6 January 2009.

* *For identification purpose only*

viii. On 14 October 2008, a writ of summons and a statement of claim were issued by Smart Electric Motor Company Limited, a supplier, against BEP (HK) in relation to a claim of HK$2,312,893.68, being the amount due and owing to the plaintiff for the price of goods sold and delivered to BEP (HK), together with judgment interest and legal costs. A summary judgment was made on 23 March 2009 ordering BEP (HK) to pay HK$2,312,893.68 together with legal costs and judgment interest.

ix On 21 October 2008, a writ of summons and a statement of claim were issued by Yau Shing Rubber Factory (operated by Rubber Tech Industrial Limited), a supplier, against BEP (HK) in relation to a claim of HK$3,936,725.70, being the aggregate balance of the price for goods sold and delivered to BEP (HK) for the period from October 2007 to September 2008, together with judgment interest and legal costs. A summary judgment was ordered against BEP (HK) on 5 December 2008. An affirmation in opposition to the summary judgement was filed by BEP (HK) on 2 January 2009.

x. On 21 October 2008, BEP (China) received a claim from 集榮模座(深圳)有限公司 (Ji Rong Moulds (Shenzhen) Co., Ltd.), a supplier, against BEP (China) for RMB21,500 together with interest of RMB440, being the amount due and owing to the plaintiff for the goods delivered to BEP (China). A judgment was issued on 2 July 2009 by the PRC Court ordering BEP (China) to pay RMB21,500 together with judgment interest and legal cost.

xi. On 22 October 2008, a writ of summons and a statement of claim were issued by DEL Components Limited, a supplier, against BEP (HK) in relation to a claim of HK$362,957.50, being the price of goods sold and delivered to BEP (HK) at divers dates, together with judgment interest and legal costs. BEP (HK) filed a defence on 18 November 2008.

xii. On 23 October 2008, BEP (China) received a claim from 蔡葵烟 (Ms. Cai Kwai Kui), a supplier, against BEP (China) for RMB85,574, being the price of goods sold and delivered to BEP (China) together with outstanding interest of RMB591.31. A judgment was issued by the PRC Court on 19 June 2009 ordering BEP (China) to pay RMB85,574 together with judgment interest and legal costs of RMB977.

xiii. On 23 October 2008, a writ of summons and a statement of claim were issued by Manex Enterprises Limited, a supplier, against BEP (HK) in relation to a claim of HK$399,664.20, being the balance of the price for goods sold and delivered to BEP (HK), together with judgment interest and legal costs. A defence was filed on 18 November 2008.

xiv. On 28 October 2008, a writ of summons and a statement of claim were issued by Lonco Company Limited, a supplier, against BEP (HK) in relation to a claim of HK$231,146.40, being the outstanding amount owed by BEP (HK) to the plaintiff, together with judgment interest and legal costs. A defence was filed on 24 November 2008.

xv. On 29 October 2008, 深圳市寶安區勞動爭議仲裁委員會 issued an arbitration award against BEP (China) and ordered BEP (China) to pay the outstanding salaries of RMB3,057,799.15 to approximately 1,222 employees of BEP (China) for the period from 1 August 2008 to 27 October 2008 and to release the employment relationship with these employees. As at the Latest Practicable Date, the outstanding salaries have not been settled.

xvi. On 7 November 2008, a notice of place and day fixed for hearing was filed in accordance with the Small Claims Tribunal Ordinance by New Well International Metalware Ltd. as claimant against BEP (HK) in relation to a claim of HK$32,742.20, being the outstanding amount owed by BEP (HK). An order was made on 30 March 2009 that the parties agreed to adjourn the case and the case would only be resumed until either party filed an application to the tribunal. BEP (HK) received the plaintiff's witness statement on 26 February 2009.

xvii. On 11 November 2008, a notice of place and day fixed for hearing was filed in accordance with the Small Claims Tribunal Ordinance by V-Start Components Co. Ltd. as claimant against BEP (HK) in relation to a claim of HK$22,000, being the price of electrical components sold and delivered to BEP (HK). The case was heard on 6 February 2009.

xviii. On 5 November 2008, a judgment was issued by the PRC Court in relation to a claim of RMB134,815.08 from 郭志明 (Mr. Guo Zhi Ming), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to HK$137,507.08, together with judgment interest. Before the judgment was issued, on 19 September 2008, the plaintiff had applied to the PRC Court to freeze the assets of BEP (China) equivalent to the outstanding amount payable to the plaintiff. As at the Latest Practicable Date, the amount has not been settled.

xix. On 12 November 2008, BEP (China) received a claim from 深圳市合為實業有限公司 (Shenzhen He Wei Industrial Co., Ltd.*), a supplier, against BEP (China) for RMB35,949.35, being the amount due and owing to the plaintiff for the goods delivered to BEP (China) together with interest. The case was heard on 22 June 2009. As at the Latest Practicable Date, no judgment has been ordered.

xx. On 2 December 2008, the Company came to notice that a default judgment was made against BEP (HK) in favour of Winbo Industries (H.K.) Limited for the claim together with accrued interests and fixed costs totaling approximately HK$912,000. As the writ of summons in relation to the claim under such default judgment was not properly served at BEP (HK)'s current registered office and BEP (HK) had never received the same, the Company had applied to set aside the judgment and contested the claim. A summary judgment was ordered by the court on 2 December 2008. BEP (HK) applied to set aside the summary judgment on 17 December 2008.

xxi. On 3 December 2008, a writ of summons and a statement of claim were issued by Kwong Lee (Asia) Metal Company Limited, against BEP (HK) in relation to a claim of HK$154,465.77, being the balance of total amount due and owing for certain metal of various specifications sold and delivered to BEP (HK), together with penalty interest and legal costs. A defence was filed on 30 December 2008 by BEP (HK) and the plaintiff filed a reply on 13 January 2009. The plaintiff filed a list of documents on 11 March 2009.

xxii. On 12 December 2008, a writ of summons and a statement of claim were issued by Princess Worldwide Limited, against BEP (HK) in relation to a claim of HK$325,260.00 for defective products manufactured by BEP (HK) together with penalty interest and legal costs. A defence was filed on 11 March 2009 and the plaintiff filed a reply on 24 March 2009.

xxiii. On 18 December 2008, a writ of summons and a statement of claim were issued by Morning Sun Offset Printing Limited ("Morning Sun"), against BEP (HK) in relation to claim of HK$1,556,087.83 together with penalty interest and legal costs. A defence was served by BEP (HK) on 14 January 2009. Documents were exchanged between BEP (HK) and Morning Sun in March 2009.

xxiv. On 24 December 2008, a notice of place and day fixed for hearing was filed in accordance with the Small Claims Tribunal Ordinance by Kong Kin Trademark Printing Factory operated by Mr. Chiang Wen Kin as claimant against BEP (HK) in relation to a claim of HK$8,912.34, being the outstanding amount owed by BEP (HK). An order was made against BEP (HK) ordering BEP (HK) to pay HK$8,912.34 together with judgement interest and legal costs.

xxv. On 12 January 2009, a notice of place and day fixed for hearing was filed in accordance with the Small Claims Tribunal Ordinance by Tang Tat Stationery Company as claimant against BEP (HK) in relation to a claim of HK$50,000.00, being the outstanding amount owed by BEP (HK). An order was made against BEP (HK) on 5 March 2009 ordering BEP (HK) to pay HK$50,000 together with judgement interest and legal costs.

xxvi. On 13 January 2009, a judgment was issued by the PRC Court in relation to a claim of RMB120,000 from 廣東寶城律師事務所 (Guangdong Bao Cheng Law Office*) for the outstanding service fees. The settlement payable to the plaintiff amounted to RMB121,350, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

* *For identification purpose only*

xxvii. On 3 February 2009, a notice of place and day fixed for hearing was filed in accordance with the Small Claims Tribunal Ordinance by Far East Plastic Colours Co., Limited as claimant against BEP (HK) in relation to a claim of HK$22,815.00, being the outstanding amount owed by BEP (HK). An order was made against BEP (HK) on 12 March 2009 ordering BEP (HK) to pay HK$22,815.00 together with interest and legal costs. As at the Latest Practicable Date, the amount has not been settled.

xxviii. On 4 February 2009, a notice of place and day fixed for hearing was filed in accordance with the Small Claims Tribunal Ordinance by Artstar Enterprise Limited as claimant against BEP (HK) in relation to a claim of HK$37,336.40, being the outstanding amount owed by BEP (HK). An order was made against BEP (HK) on 26 March 2009. An order was made against BEP (HK) on 26 March 2009 ordering BEP (HK) to pay HK$37,336.40 together with judgement interest and legal costs. As at the Latest Practicable Date, the amount has not been settled

xxix. On 4 February 2009, a judgment was issued by the PRC Court in relation to a claim of RMB87,146.49 from 河源龍記金屬制品有限公司 (Heyuan Long Ji Metal Products Co., Ltd.*), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB88,171.49, together with judgment interest. A judgment was issued on 2 July 2009 by the PRC Court ordering BEP (China) to settle the outstanding sum of RMB21,674 together with judgment interest.

xxx. On 4 February 2009, a judgment was issued by the PRC Court in relation to a claim of RMB87,683.69 from 深圳市華興隆模具鋼有限公司 (Shenzhen Hua Xing Long Steel Moulds Co., Ltd.*), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB88,726.69, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xxxi. On 19 February 2009, a judgment was issued by the PRC Court in relation to a claim of RMB878,980.22 from 深圳市亞曄實業有限公司 (Shenzhen Ya Ye Industrial Co., Ltd.*), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB890,707.22, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xxxii. On 25 February 2009, a writ of summons and a statement of claim were issued by Otter Controls (Asia) Limited, against BEP (HK) in relation to claim of US$357,421.00 together with penalty interest and legal costs.

xxxiii. On 3 March 2009, a judgment was issued by the PRC Court in relation to a claim of RMB150,982 from 信達膠袋印制廠有限公司 (Xin Da Plastic Bags Manufacturing Co., Ltd*), a supplier, against BEP (China) for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB152,642, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xxxiv. On 4 March 2009, a judgment was issued by the PRC Court in relation to a claim of RMB100,317.12 from 深圳市寶安區大浪全日通電器廠 (Shenzhen Bao'an Da Lang Quan Ri Tong Electrical Appliances Factory*), a supplier, against BEP (China) for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB101,470.12, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xxxv. On 6 March 2009, a judgment was issued by the PRC Court in relation to a claim of RMB22,344 from 深圳市鑫興達精細化工有限公司 (Shenzhen Bao'an Xin Xing Da Chemical Co., Ltd*), a supplier, against BEP (China) for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB22,534, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xxxvi. On 6 March 2009, a judgment was issued by the PRC Court in relation to a claim of HK$27,395.62 from 林輝鎮 (Mr. Lin Hui Zhen) against BEP (China) for the outstanding processing fees in respect of goods manufactured by BEP (China). The settlement payable to the plaintiff amounted to HK$27,593.62, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xxxvii. On 6 March 2009, a judgment was issued by the PRC Court in relation to a claim of RMB75,920 from 杭州航天日月電器營銷有限公司 (Hangzhou Hang Tian Ri Yue Electrical Appliances Retail Co., Ltd.*), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB76,769, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xxxviii. On 12 March 2009, a notice of place and day fixed for hearing was filed in accordance with the Small Claims Tribunal Ordinance by Wing Fat Metal Manufacturing Company Limited as claimant against BEP (HK) in relation to a claim of HK$49,675.64, being the outstanding amount owed by BEP (HK). An order was made against BEP (HK) on 26 March 2009. As at the Latest Practicable Date, the amount has not been settled.

xxxix. On 2 April 2009, a judgment was issued by the PRC Court in relation to a claim of RMB43,130 from 李建輝 (Mr. Li Jian Hui), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB43,569, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xl. On 10 April 2009, a judgment was issued by the PRC Court in relation to a claim of HK$95,726.40 plus RMB985 legal cost from 世高精密塑膠模具(深圳)有限公司 (Shi Gao Plastic Moulds (Shenzhen) Co., Ltd.*), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB96,711.40, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xli. On 13 April 2009, a judgment was received by BEP (China) which was issued by the PRC Court in relation to a claim of RMB101,600 from 深圳市先納科技有限公司 (Shenzhen Xian Na Technology Co., Ltd.), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB102,766, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xlii. On 4 May 2009, a judgment was issued by the PRC Court in relation to a claim of RMB486,855 from 深圳市美倫化學有限公司 (Shenzhen Mei Lun Chemical Co., Ltd.*), a supplier, for the outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to RMB495,458, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

xliii. On 5 June 2009, BEP (China) received an arbitration notice from 深圳仲裁委員會 (Shenzhen Arbitration Committee*) that 永光實業有限公司 (Yong Guang Industrial Limited*) applied for an arbitration in respect of a claim of outstanding rental of RMB500,000 and utility charges of RMB534,359.30. As at the Latest Practicable Date, no judgment has been ordered.

xliv. On 11 June 2009, BEP (China) received a claim from 深圳市百易紙制品有限公司 (Shenzhen Baiyi Paper Products Company Limited), a supplier against BEP (China) for RMB142,653.6, being the price of foods sold and delivered to BEP (China) together with legal costs.

xlv. On 17 June 2009, a judgment was issued by the PRC Court in relation to a claim of RMB300,988.03 together with default penalty of RMB902.97 from 廣東電網公司深圳供電局 (Guangdong Power Grid Co., Ltd. Shenzhen Power Supply Bureau*), a supplier, for the supply of electricity charges, outstanding purchase price of goods sold and delivered to BEP (China). The settlement payable to the plaintiff amounted to approximately RMB308,700, together with judgment interest. As at the Latest Practicable Date, the amount has not been settled.

* *For identification purpose only*

xlvi. On 19 June 2009, a judgment was issued by the PRC Court in relation to a claim of RMB65,504.85 together with judgment interest and legal cost of RMB718 from 張以騰 (Zhang Yi Tan) a supplier, for the price of goods sold and delivered to BEP (China). As at the Latest Practicable Date, the amount has not been settled.

xlvii. On 25 June 2009, BEP (China) received a claim from 重慶中達正投資管理有限公司 (Chongqing Zhongdacheng Investment Management Co., Ltd) against BEP (China) for an outstanding sum of RMB4,000,000, being the loan lent to BEP (China) together with legal costs.

xlviii. On 26 June 2009, a judgment was issued by the PRC Court ordering BEP (China) to return 29 sets of Tokyo Plastic and S.S. Kettle electric pot moulds to SEB Asia Limited which was the owner of the 29 sets of moulds.

In respect of the claims against BEP (China), they have either been settled through court mediation or are in the course of court proceedings. The premises of BEP (China) have been withheld by the PRC Court. There is a possibility that new claims might be made against the Group for which the Group has no knowledge. With the advice from Li & Partners Attorneys at Law, a PRC legal adviser of the Company, the Directors are of the opinion that BEP (China) will be liable for its own debts and liabilities.

As BEP (HK) has appointed BDO Financial Services Limited as liquidator and is in the process of winding up, there is a possibility that new claims might be made against BEP (HK) for which the Group has no knowledge. As BEP (HK) is a limited liability company incorporated in Hong Kong, the Directors are of the opinion that the Group has no legal obligation to pay the alleged debts and interest.

6. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (other than contracts entered into in the ordinary course of business) which had been entered into by the Company or any of its subsidiaries after the date two years before 25 June 2009 (being the date of the Announcement) and up to the Latest Practicable Date:

(1) (a) the memorandum of understanding dated 11 December 2007 entered into between Lam Mau (林矛) and the Company by which Lam Mau agreed to grant the Company an exclusive right until 15 March 2008 to negotiate on the terms of the proposed acquisition of the controlling interest in Much Great Holdings Limited (the "**MOU**");

(b) the first supplemental memorandum dated 12 March 2008 entered into between the parties to the MOU by which they agreed to extend the period of the exclusive right under the MOU to 15 June 2008; and

(c) the second supplemental memorandum dated 13 June 2008 entered into between the parties to the MOU by which they agreed to extend the period of the exclusive right under the MOU to 31 December 2008;

(2) (a) the share purchase agreement dated 14 November 2008 entered into between Luo Zhi Jian (羅志堅) and Zeng Feng (曾峰) as vendors of one part, and BEP Enterprises Limited (a wholly owned subsidiary of the Company) as purchaser of the other part in respect of the acquisition by BEP Enterprises Limited of 100% of the issued share capital in Yaosheng Electric (H.K.) Company Limited at a consideration of HK$40,000,000, which shall be payable by the issue of 500,000,000 Shares by the Company at the issue price of HK$0.08 per Share (the "**Yaosheng Acquisition Agreement**");

(b) the supplemental letter agreement dated 31 December 2008 entered into between the parties to the Yaosheng Acquisition Agreement pursuant to which the parties agreed, inter alia, to postpone the latest time for the fulfillment of the conditions precedent in the Yaosheng Acquisition Agreement to 25 March 2009; and

(c) the deed of termination dated 9 March 2009 entered into between the parties to the Yaosheng Acquisition Agreement pursuant to which the parties irrevocably agreed to terminate the Yaosheng Acquisition Agreement (including the supplemental letter agreement) from the date thereof, and all parties to the Yaosheng Acquisition Agreement were discharged and released from any claim or obligation arising from the Yaosheng Acquisition Agreement.

7. CONSENTS

Guangdong Securities has given and has not withdrawn its written consent to the issue of this document with the inclusion in this document of the text of its letter and references to its name in the form and context in which they are included.

Partners Capital International Limited, being the financial adviser to the Company in relation to the Offer, has given and has not withdrawn its written consent to the publication of its name in this document.

8. MISCELLANEOUS

The English language text of this document shall prevail over the Chinese language text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the website of the Company at www.bep.com.hk and the website of the SFC at www.sfc.hk while the Offer remains open for acceptance from the date of this document up to and including the Closing Date:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the two financial years ended 31 March 2008 and 31 March 2009 respectively;

(c) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 12 of this document;

(d) the letter of advice from Guangdong Securities, the text of which is set out on pages 13 to 29 of this document;

(e) the service contracts referred to in the paragraph headed "Directors' Service Contracts" in this Appendix;

(f) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix; and

(g) the written consents referred to in the paragraph headed "Consents" in this Appendix.