



JIA SHENG
Holdings Limited
嘉盛控股有限公司

Incorporated in Bermuda with limited liability
Stock Code : 729

2008/09
Annual Report





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Corporate Information

BOARD OF DIRECTORS

Mr. Yip Chi Chiu** (*Deputy Chairman and Chief Executive Officer*)
Mr. Lo Wing Yat**
Mr. So George Siu Ming** (*Chief Operating Officer and Chief Financial Officer*)
Mr. Leung Chung Tak Barry#
Mr. Chak Chi Man#
Mr. Wong Kwok Kuen#
Mr. Chan Yuk Tong##
Mr. Fei Tai Hung##
Mr. Tse Kam Fow##

** executive directors

non-executive directors

independent non-executive directors

AUDIT COMMITTEE

Mr. Chan Yuk Tong (*Chairman*)
Mr. Fei Tai Hung
Mr. Tse Kam Fow

REMUNERATION COMMITTEE

Mr. Chan Yuk Tong (*Chairman*)
Mr. Yip Chi Chiu
Mr. Fei Tai Hung
Mr. Tse Kam Fow

EXECUTIVE COMMITTEE

Mr. Yip Chi Chiu (*Chairman*)
Mr. Lo Wing Yat
Mr. So George Siu Ming

AUTHORISED REPRESENTATIVES

Mr. Yip Chi Chiu
Mr. So George Siu Ming

COMPANY SECRETARY

Mr. So George Siu Ming

INDEPENDENT AUDITOR

CCIF CPA Limited

LEGAL ADVISERS

As to Hong Kong law:
K & L Gates

As to Bermuda law:
Conyers Dill & Pearman

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor, W Square
Nos. 314-324 Hennessy Road
Wanchai
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Rooms 1901-02
Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

729

WEBSITE

www.jiasheng.hk



Group Financial Summary

A summary of the results and of the assets, liabilities and minority interests of Jia Sheng Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the five financial years ended 31 March 2009, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

	Year ended 31 March				
	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000
Loss attributable to equity holders of the Company	(72,155)	(61,226)	(32,544)	(77,136)	(37,157)
Total assets	75,265	120,138	161,430	79,933	90,950
Total liabilities	(4,967)	(6,298)	(10,890)	(5,052)	(26,486)
Net assets	70,298	113,840	150,540	74,881	64,464
Minority interests	—	(526)	(4,646)	(9,986)	(1,361)
Equity attributable to equity holders of the Company	70,298	113,314	145,894	64,895	63,103



Management Discussion and Analysis

BUSINESS REVIEW

During the year under review, the Group recorded turnover of approximately HK\$35.2 million from continuing operations, representing a decrease of approximately 65.5% when compared to that of the last financial year. The Group has reduced its administrative expenses by approximately 23.6% to approximately HK\$23.9 million as opposed to that of approximately HK\$31.2 million in the last financial year. However, the Group widened its loss for the year to approximately HK\$72.7 million from approximately HK\$64.5 million of last financial year. The increase in net loss for the year was primarily attributable to the increase in (i) equity settled share-based payments which increased to approximately HK\$29.1 million from approximately HK\$6.0 million in the last financial year; and (ii) share of loss of a jointly controlled entity which amounted to approximately HK\$4.8 million (nil in the last financial year).

The Group's businesses in securities investment and provision of securities brokerage services have faced great challenge in the midst of the global financial tsunami. During the year under review, trading liquidity in Hong Kong stock market dropped substantially while the trading volatility increased remarkably. Under such unfavorable market situation, the Group turned to make a loss from its securities investment segment of approximately HK\$2.4 million (from a gain of approximately HK\$0.1 million in the last financial year), while its securities brokerage segment widened its segment loss to approximately HK\$3.5 million from approximately HK\$2.1 million in the last financial year.

In light of the continuous loss making operation under the Group's auto parts business, the Group entered into an agreement on 25 September 2008 to dispose of such business. During the year under review, the Group recorded a loss for the year from discontinued operations of approximately HK\$14.5 million. The directors are of the view that such loss was one-off in nature and the disposal was beneficial to the Group to improve the financial performance of the Group in the long run and to allow the Group to preserve more resources on exploring other potential business opportunities.

PROSPECTS AND FUTURE PLAN OF THE GROUP

Looking forward, the management will continue to review its existing businesses from time to time and strive to improve the business operation and financial position of the Group.

In addition, the Group will continue to work with its joint venture partners, namely 北京密雲經濟開發區總公司 (General Corporation of Beijing Miyun Industrial Development Area) ("Miyun Corporation") and 北京華嘉企劃有限公司 (Beijing Huajia Enterprise Image Promotion Co., Ltd.) ("Beijing Huajia") to develop the business of the sino-foreign joint venture named "密之雲(北京)呼叫產業基地有限公司" (Miyun (Beijing) Communication Company Limited) (the "JV Company"). Since the formation of the JV Company, a number of development plans & businesses have been reviewed and considered by the joint venture partners such as "development, operation and/or management of a call centre park in Miyun, Beijing whose scale may be up to approximately 3,000,000 square metres (i.e. approximately 4,500 mu)". As a start of such project, the JV Company has closely worked with the relevant authorities and has acquired the first piece of land of approximately 35,000 square metres (i.e. approximately 53 mu) in 2009. The board of directors of the Company (the "Board") is of the view that the formation of the JV Company represents an excellent opportunity for the Group to partner with the JV partners and, by leveraging on the governmental background of Miyun Corporation and the extensive business network of Beijing Huajia, to gain a foothold in various business sectors in Beijing as well as in the China market.

The objective of the Group is to establish a solid platform to invest in business sectors providing high and healthy growth through acquisition and development of projects with promising future. The Group will on one hand review, improve and develop its existing businesses (including the JV Company), and on the other hand will continue to proactively seek potential investment opportunities that could enhance the value to the shareholders.



Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2009, the Group had (i) non-current assets of approximately HK\$20.0 million, which mainly comprised of fixed assets and interest in a jointly controlled entity, and (ii) current assets of approximately HK\$55.2 million, which comprised of trade and other receivables, and cash and bank balances. As of 31 March 2009, the Group had no borrowings and recorded net cash of approximately HK\$48.7 million.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions were mainly denominated in Hong Kong dollars and US dollars. As the Hong Kong dollars are pegged to the US dollars, the Group had no significant exposure to fluctuations in exchange rates and no financial instrument for hedging purposes was employed during the year under review.

MATERIAL ACQUISITIONS AND DISPOSALS

On 25 September 2008, the Group entered into a sale and purchase agreement for the disposal of its entire 70.16% interest in Unicla International Limited ("Unicla") and part of the shareholder's loan in the amount of approximately HK\$19.6 million due from Unicla to the Group at a total consideration of HK\$7 million. The disposal was approved at a special general meeting of the Company held on 14 November 2008. Unicla ceased to be a subsidiary of the Company in December 2008. Details of the disposal are set out in the circular of the Company dated 30 October 2008.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or associated companies during the year ended 31 March 2009.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2009, the Group did not pledge any kind of assets and had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 23 employees as at 31 March 2009 (2008: 88 employees). Total staff costs (including directors' emoluments and equity settled share-based payments) during the year amounted to approximately HK\$39.0 million (2008: approximately HK\$24.8 million). The remuneration policies are determined with reference to the market conditions and individual performance of the staff. The Group has a share option scheme for the benefit of its directors and eligible employees.

CAPITAL COMMITMENT

The Group had no capital commitments contracted for and not provided for as at 31 March 2009.



Directors' Biographies

Mr. Yip Chi Chiu ("Mr. Yip")

Deputy Chairman, Executive Director & Chief Executive Officer

Mr. Yip, aged 50, is an executive director, Deputy Chairman and Chief Executive Officer of the Company. He is also a member and chairman of the Executive Committee and a member of the Remuneration Committee of the Company. He has been appointed as an authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 1 June 2009. He holds directorships in various subsidiaries of the Company. Mr. Yip is currently a director and Chief Executive Officer of Asset Managers (Asia) Company Limited ("Asset Managers Asia"), which he owns 30% indirectly. He is also a director of Asset Managers (China) Fund Co., Ltd. ("Asset Managers Fund"), Best Effort International Limited ("Best Effort"), CITIC International Assets Management Limited ("CIAM") and Bright Success Holdings Limited ("Bright Success"). Asset Managers Asia, Asset Managers Fund, Best Effort, CIAM and Bright Success are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). He was in charge of the setting up of Asset Managers Asia in 2004 and is responsible for the formation of overall policy, corporate planning and business development and the overall strategic direction of Asset Managers Asia. Mr. Yip graduated from the Chinese University of Hong Kong with a bachelor's degree in Economics. He has over 20 years of experience in merchant banking industry in Greater China. Mr. Yip held a number of senior positions in various financial institutions, including the position of Managing Director of VC CEF Capital Limited (now known as VC Capital Limited) and the Deputy General Manager of The Long-Term Credit Bank of Japan, Limited (now known as Shinsei Bank, Limited) – Hong Kong Branch. He was a director of Asia Pacific Wire & Cable Corporation Limited, the shares of which are quoted on the US Pink Sheets, during the period from 24 September 2004 to 27 June 2007. He is currently an executive director of CIAM Group Limited (Stock Code: 378), a listed company in Hong Kong and a subsidiary of CIAM. Mr. Yip was appointed to the Board on 9 May 2006.

Mr. Lo Wing Yat ("Mr. Lo")

Executive Director

Mr. Lo, aged 50, is an executive director of the Company and a member of the Executive Committee of the Company. He is currently a director and Chief Executive Officer of CIAM. Mr. Lo is also a director, Executive Vice-chairman and Chief Executive Officer of CIAM Group Limited (Stock Code: 378), a subsidiary of CIAM, and a non-executive director of China Fortune Holdings Limited (Stock Code: 110) and Longlife Group Holdings Limited (Stock Code: 8037), all being companies whose shares are listed on the Stock Exchange. Mr. Lo has been appointed as an independent non-executive director of Wing Shan International Limited (Stock Code: 570), the shares of which are listed on the Stock Exchange, with effect from 11 February 2009. He is also a director and a Managing Director of CITIC International Financial Holdings Limited ("CIFH"), whose shares have been withdrawn from listing on the Stock Exchange since 5 November 2008. Both CIAM and CIFH are the substantial shareholders of the Company within the meaning of Part XV of the SFO. He is also a non-executive director of CITIC Ka Wah Bank Limited. Mr. Lo graduated from the University of Hong Kong with a bachelor's degree in Laws. He was admitted as a solicitor of the Supreme Court of Hong Kong (as it was then known) in 1984 and a solicitor of the Supreme Court of England and Wales in 1989. He served as an in-house counsel of Bank of China Hong Kong-Macau Regional Office and a partner of Linklaters. Mr. Lo was appointed to the Board on 22 November 2006.



Directors' Biographies

Mr. So George Siu Ming (“Mr. So”)

Executive Director, Chief Operating Officer, Chief Financial Officer & Company Secretary

Mr. So, aged 51, is an executive director, Chief Financial Officer and an authorised representative of the Company under Rule 3.05 of the Listing Rules. He is also a member of the Executive Committee of the Company. Mr. So has been appointed as the Chief Operating Officer and the Company Secretary of the Company with effect from 24 December 2008 and 27 February 2009 respectively. He has also been appointed as the authorised representative of the Company for accepting service of process and notices in Hong Kong on behalf of the Company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Companies Ordinance”) with effect from 1 June 2009. Mr. So was the Qualified Accountant of the Company during the period from 5 June 2007 to 26 February 2009. He serves as director of various subsidiaries of the Company. He is also an employee, Chief Operating Officer and Chief Financial Officer of Asset Managers Asia, a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. So was an independent non-executive director of Honbridge Holdings Limited (formerly known as Jessica Publications Limited) (Stock Code: 8137), a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange, from 4 September 2001 to 15 October 2007. Mr. So obtained a Bachelor of Arts degree from the University of Toronto in Canada and a Master of Science degree in Finance from the Chinese University of Hong Kong. He is an associate member of the Canadian Institute of Chartered Accountants and the Society of Management Accountants of Canada, and a fellow member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in auditing, accounting and finance areas. Mr. So was appointed to the Board on 1 May 2007.

Mr. Leung Chung Tak Barry (“Mr. Leung”)

Non-executive Director

Mr. Leung, aged 46, is a non-executive director of the Company. He was the Chief Operating Officer of the Company during the period from 29 May 2007 to 23 December 2008. He was the Chief Project Officer of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules during the period from 22 November 2006 to 31 May 2009. He was also a member of the Executive Committee of the Company and the authorised representative of the Company for accepting service of process and notices in Hong Kong on behalf of the Company under Part XI of the Companies Ordinance during the periods from 5 June 2007 to 31 May 2009 and from 29 May 2007 to 31 May 2009 respectively. Mr. Leung is a consultant of Asset Managers Asia, a substantial shareholder of the Company within the meaning of Part XV of the SFO. He is responsible for the negotiation, execution and implementation of project investments, group finance and co-ordination with the headquarter of Asset Managers Asia. He was a non-executive director of China Best Group Holding Limited (Stock Code: 370), the shares of which are listed on the Stock Exchange, from 20 January 2006 to 4 June 2007. Mr. Leung obtained a Master of Business Administration degree, majoring in finance and banking from McLaren School of Business, the University of San Francisco in the United States. He has over 10 years of experience in taking management role for a Hong Kong listed red-chip company, managing the transactions for mergers and acquisitions and corporate finance activities and working closely with various provincial governments in the People's Republic of China (the “PRC”). Mr. Leung was appointed to the Board as a non-executive director on 20 October 2006, re-designated as an executive director on 22 November 2006 and then re-designated as a non-executive director on 1 June 2009.

Mr. Chak Chi Man (“Mr. Chak”)

Non-executive Director

Mr. Chak, aged 43, is a non-executive director of the Company. He is currently an employee and the Investment Controller of CIAM Group Limited (Stock Code: 378), a subsidiary of CIAM, with focus on investment related function. CIAM is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chak was formerly an executive director of a joint venture finance company in Hong Kong. Mr. Chak obtained a bachelor's degree in Social Sciences from the University of Hong Kong and a Master of Science degree in Finance from the City University of Hong Kong. He has over 20 years of experience in the banking and finance sector in the PRC and Hong Kong. Mr. Chak was appointed to the Board on 25 October 2005.



Directors' Biographies

Mr. Wong Kwok Kuen ("Mr. Wong")

Non-executive Director

Mr. Wong, aged 54, is a non-executive director of the Company. He is presently a Principal Consultant of Transformations Consultancy and an executive director of Tenacity Real Estate Group Ltd. Mr. Wong obtained a Master of Business Administration degree from the University College of North Wales, Manchester Business School and a Higher Diploma in Company Secretaryship & Administration from Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University). He is an associate member of the Chartered Institute of Bankers, the United Kingdom, Hong Kong Institute of Bankers, Institute of Chartered Secretaries & Administrators, the United Kingdom and the Hong Kong Institute of Chartered Secretaries. Mr. Wong has extensive experience in the banking sector with major local and international banks specialising in the credit and marketing functions in lending activities. He had been the General Manager of Seng Heng Development Co. Ltd., Hong Kong / Seng Heng Bank Ltd., Macau until October 2006. He had acted as an adviser of ASC Capital Limited, a subsidiary of Asset Managers Asia, a substantial shareholder of the Company until 20 April 2007. Mr. Wong was appointed to the Board as an executive director on 1 May 2007 and re-designated as a non-executive director on 20 July 2007.

Mr. Chan Yuk Tong ("Mr. Chan")

Independent Non-executive Director

Mr. Chan, aged 47, is an independent non-executive director of the Company. He is also a member and chairman of the Audit Committee and Remuneration Committee of the Company. He is currently a non-executive director of Vitop Bioenergy Holdings Limited (Stock Code: 1178) and an independent non-executive director of BYD Electronic (International) Company Limited (Stock Code: 285), Daisho Microline Holdings Limited (Stock Code: 567), Global Sweeteners Holdings Limited (Stock Code: 3889), Kam Hing International Holdings Limited (Stock Code: 2307) and Sichuan Xinhua Winshare Chainstore Co., Ltd. (Stock Code: 811), companies whose shares are listed on the Stock Exchange. He is also an independent non-executive director of Anhui Conch Cement Company Limited (Stock Code: 914), a company whose shares are listed on the Stock Exchange and the Shanghai Stock Exchange. Mr. Chan has been appointed as an executive director of Asia Cassava Resources Holdings Limited ("Asia Cassava") (Stock Code: 841) with effect from 2 July 2008. The shares of Asia Cassava have been listed on the Stock Exchange since 23 March 2009. He was an independent non-executive director of China Pipe Group Limited (formerly known as World Trade Bun Kee Ltd.) (Stock Code: 380), a company whose shares are listed on the Stock Exchange, during the period from 1 January 2007 to 3 July 2007. Mr. Chan obtained a bachelor's degree in Commerce from the University of Newcastle in Australia and a master's degree in Business Administration from the Chinese University of Hong Kong. He joined Ernst & Young in 1988 and was appointed an audit principal in 1994. Mr. Chan is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He has over 20 years of experience in auditing, accounting, management consultancy and financial advisory services. Mr. Chan was appointed to the Board on 22 November 2006.

Mr. Fei Tai Hung ("Mr. Fei")

Independent Non-executive Director

Mr. Fei, aged 61, is an independent non-executive director of the Company and a member of the Audit Committee and Remuneration Committee of the Company. He obtained a bachelor's degree in Applied Science from the Queen's University in Canada and a master's degree from Imperial College London in the United Kingdom. Mr. Fei started his banking career at the Royal Bank of Canada in 1980. He has also worked for Bankers Trust Company and Credit Agricole Indosuez. Mr. Fei is also a co-founder of United Capital Ltd., a company specialising in providing financial advisory services to clients in both Hong Kong and the PRC. He has over 20 years of experience in investment and finance. Mr. Fei was appointed to the Board on 22 June 2007.



Directors' Biographies

Mr. Tse Kam Fow ("Mr. Tse")

Independent Non-executive Director

Mr. Tse, aged 49, is an independent non-executive director of the Company and a member of the Audit Committee and Remuneration Committee of the Company. He is currently a non-executive director of Mainland Headwear Holdings Limited (Stock Code: 1100), a company whose shares are listed on the Stock Exchange. Mr. Tse graduated from The Hong Kong Polytechnic University and is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He is a certified public accountant practising in Hong Kong with wide experience in most areas of accounting, taxation and audit. Mr. Tse's practice also includes corporate consulting and investment advisory, specialised in management consulting, business restructuring, corporate mergers and acquisitions, leveraged buyouts, direct investments and joint ventures and advising on projects throughout the PRC, Hong Kong, Taiwan and Singapore. Mr. Tse has worked at senior position for over 10 years in several Hong Kong listed companies, mainly responsible for the overall corporate management and control and the strategic formulation and implementation of corporate development and financing plan. Mr. Tse was appointed to the Board on 22 June 2007.

The directors' interests in shares of the Company within the meaning of Part XV of the SFO as at 31 March 2009 are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the Directors' Report contained in this annual report.

Save as disclosed above, the Directors (a) do not hold any other positions with the Company or any of its subsidiaries; (b) did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas; and (c) do not have any other relationships with any directors, senior management or substantial or controlling shareholders of the Company.

Each of Mr. Yip and Mr. So has entered into a service agreement with the Company that could be terminated by giving the other party not less than three months' advance notice. Each of Mr. Lo, Mr. Leung, Mr. Chak, Mr. Wong, Mr. Chan, Mr. Fei and Mr. Tse has signed an appointment letter with the Company. Each of their term of appointment is two years or has been renewed for a further fixed period of two years. Nevertheless, every director of the Company shall be subject to retirement by rotation at least once every three years at the annual general meeting in accordance with the Company's Bye-laws.

Pursuant to their respective service agreement, (a) Mr. Yip and Mr. So are entitled to an annual remuneration of HK\$1,300,000 and HK\$1,170,000 (inclusive of salary and housing allowance) for their directorship respectively; and (b) each of Mr. Yip and Mr. So is entitled to an annual management bonus of a sum to be determined by the Board at its absolute discretion having regard to the operating results of the Group and the individual performance and the benefits of the medical or provident fund scheme as may be maintained by the Group from time to time. Each of Mr. Lo, Mr. Leung, Mr. Chak, Mr. Wong, Mr. Chan, Mr. Fei and Mr. Tse is entitled to a director's fee of HK\$150,000 per annum. They are not entitled to any bonus payments (whether fixed or discretionary in nature).

The emoluments of each director of the Company have been determined with reference to his time commitment and responsibilities, the Company's performance and the prevailing market conditions.

The details of the directors' emoluments on a named basis are disclosed in Note 16 to the financial statements.



Directors' Report

The directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2009.

CHANGE OF COMPANY NAME

The change of the English name of the Company from "Carico Holdings Limited" to "Jia Sheng Holdings Limited" and the adoption of the Chinese name of "嘉盛控股有限公司" as secondary name of the Company was approved by the shareholders at the Special General Meeting held on 20 May 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in securities dealing and investment, and provision of securities brokerage services. During the year, there were no significant changes in the Group's principal activities apart from the discontinued operations of manufacturing and trading of automotive components as referred to in Note 17 to the financial statements.

The principal activities and particulars of the Company's principal subsidiaries as at 31 March 2009 are set out in Note 21 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to the operating results for the year ended 31 March 2009 is set out in Note 8 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 26 of this annual report.

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2009.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and minority interests of the Group for the past five financial years is set out on page 3 of this annual report.

FIXED ASSETS

During the year, the Group spent approximately HK\$1,546,000 on acquisition of fixed assets.

Details of the movements in fixed assets of the Group during the year are set out in Note 18 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers during the year were less than 30% of the Group's total purchases.

The aggregate turnover attributable to the Group's five largest customers during the year was less than 30% of the Group's total turnover.



Directors' Report

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in Note 27 to the financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in Note 28 to the financial statements.

The Company had no reserves available for distribution as at 31 March 2009.

DIRECTORS

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

Executive directors:

Mr. Yip Chi Chiu (*Deputy Chairman and Chief Executive Officer*)

Mr. Lo Wing Yat

Mr. So George Siu Ming (*Chief Operating Officer and Chief Financial Officer*)

Non-executive directors:

Mr. Ryoji Furukawa (*Chairman*)

(resigned on 16 October 2008)

Mr. Leung Chung Tak Barry

(re-designated from an executive director to a non-executive director on 1 June 2009)

Mr. Chak Chi Man

Mr. Ryuichi Tanabe

(resigned on 16 October 2008)

Mr. Takehiko Wakayama

(resigned on 12 December 2008)

Mr. Wong Kwok Kuen

Independent non-executive directors:

Mr. Chan Yuk Tong

Mr. Fei Tai Hung

Mr. Tse Kam Fow

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Lo Wing Yat, Mr. So George Siu Ming and Mr. Chan Yuk Tong will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

No director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The Company has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers that all the independent non-executive directors to be independent.



Directors' Report

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

As at 31 March 2009, the interests and short positions of the directors and chief executives of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 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") as set out in Appendix 10 to the Listing Rules were as follows:

Name of director	Capacity	Number of ordinary shares of the Company held	Number of underlying shares (in respect of share options (unlisted equity derivatives)) of the Company held (Note 3)	Approximate percentage of issued ordinary share capital of the Company
Yip Chi Chiu	Beneficial owner	—	16,400,000(L)	0.90%
	Interest of controlled corporation	101,142,471(L) (Note 2)	—	5.53%
Lo Wing Yat	Beneficial owner	—	14,600,000(L)	0.80%
So George Siu Ming	Beneficial owner	—	14,600,000(L)	0.80%
Leung Chung Tak Barry	Beneficial owner	—	14,600,000(L)	0.80%
Chak Chi Man	Beneficial owner	—	3,600,000(L)	0.20%
Wong Kwok Kuen	Beneficial owner	—	3,600,000(L)	0.20%
Chan Yuk Tong	Beneficial owner	—	1,800,000(L)	0.10%
Fei Tai Hung	Beneficial owner	—	1,800,000(L)	0.10%
Tse Kam Fow	Beneficial owner	—	1,800,000(L)	0.10%

Notes:

- (L) denotes a long position.
- The 101,142,471 shares of the Company were held by Bright Success Holdings Limited. Bright Success Holdings Limited was owned as to 50% by each of Mr. Yip Chi Chiu and his spouse, Ms. Lui Wai Kuen Brenda. Mr. Yip Chi Chiu was therefore deemed to be interested in the interest of Bright Success Holdings Limited in the 101,142,471 shares of the Company by virtue of the SFO.
- The interests in underlying shares of the Company represented interests in options granted to directors named above to subscribe for shares of the Company, further details of which are set out in Note 30 to the financial statements.

Save as disclosed above, as at 31 March 2009, none of the directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Directors' Report

SHARE OPTION SCHEME

Details of the share option scheme adopted by the Company on 30 March 2004 (as amended by an addendum effective on 7 December 2005) (the "Share Option Scheme") and movements of the options during the year are set out in Note 30 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the year ended 31 March 2009.

EMOLUMENTS OF DIRECTORS AND SENIOR EMPLOYEES

Details of the emoluments of the directors and the five highest paid employees are set out in Note 16 to the financial statements.

Each of Mr. Ryoji Furukawa, who resigned as a non-executive director and Chairman of the Company on 16 October 2008, and Mr. Ryuichi Tanabe, who resigned as a non-executive director of the Company on 16 October 2008, has waived his entitlement to a director's fee of HK\$150,000 per annum for the period from 1 April 2008 to 15 October 2008. Mr. Takehiko Wakayama, who resigned as a non-executive director of the Company on 12 December 2008, has waived his entitlement to a director's fee of HK\$150,000 per annum for the period from 1 April 2008 to 11 December 2008.



Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2009, the persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Number of ordinary shares of the Company held	Number of underlying shares (in respect of share options (unlisted equity derivatives)) of the Company held	Approximate percentage of issued ordinary share capital of the Company
Best Effort International Limited ("Best Effort")	Beneficial owner	322,341,020(L) <i>(Note 2)</i>	—	17.61%
Asset Managers (China) Fund Co., Ltd. ("AMCF")	Beneficial owner	167,897,728(L) <i>(Note 2)</i>	—	9.17%
Asset Investors Co., Ltd.	Interest of controlled corporation	167,897,728(L) <i>(Note 2)</i>	—	9.17%
Asset Managers (Asia) Company Limited	Interest of controlled corporation	490,238,748(L) <i>(Note 2)</i>	—	26.78%
Asset Managers International Co., Ltd.	Interest of controlled corporation	490,238,748(L) <i>(Note 2)</i>	—	26.78%
Asset Managers Holdings Co., Ltd. ("AMH")	Interest of controlled corporation	490,238,748(L) <i>(Note 2)</i>	—	26.78%
Ichigo Asset Management International, Pte. Ltd. ("Ichigo")	Interest of controlled corporation	490,238,748(L) <i>(Note 2)</i>	—	26.78%
Bright Success Holdings Limited ("Bright Success")	Beneficial owner	101,142,471(L) <i>(Note 3)</i>	—	5.53%
Lui Wai Kuen Brenda	Interest of controlled corporation	101,142,471(L) <i>(Note 3)</i>	—	5.53%
	Interest of spouse	—	16,400,000(L) <i>(Note 4)</i>	0.90%
CITIC International Assets Management Limited ("CIAM")	Beneficial owner	166,400,000(L) <i>(Note 5)</i>	—	9.09%
CITIC International Financial Holdings Limited ("CIFH")	Interest of controlled corporation	166,400,000(L) <i>(Note 5)</i>	—	9.09%
CITIC Group	Interest of controlled corporation	166,400,000(L) <i>(Note 5)</i>	—	9.09%



Directors' Report

Notes:

1. (L) denotes a long position.
2. Best Effort was a wholly owned subsidiary of Asset Managers (Asia) Company Limited. AMCF was owned as to 50% by Asset Managers (Asia) Company Limited and as to 50% by Asset Investors Co., Ltd.. Asset Managers (Asia) Company Limited was owned as to 70% by Asset Managers International Co., Ltd. and as to 30% indirectly by Mr. Yip Chi Chiu, a director of the Company. Asset Managers International Co., Ltd. was a wholly owned subsidiary of AMH. AMH was owned as to approximately 48.35% by Ichigo. Asset Investors Co., Ltd. was taken to be interested in 167,897,728 shares of the Company held by AMCF under the SFO. Asset Managers (Asia) Company Limited, Asset Managers International Co., Ltd., AMH and Ichigo were deemed by virtue of the SFO to be interested in 490,238,748 shares of the Company, of which 167,897,728 shares of the Company were held by AMCF and 322,341,020 shares of the Company were held by Best Effort.
3. The 101,142,471 shares of the Company related to the same block of shares in the Company. Bright Success was owned as to 50% by each of Mr. Yip Chi Chiu, a director of the Company, and his spouse, Ms. Lui Wai Kuen Brenda.
4. The interests in underlying shares of the Company represented interests in the options granted to Mr. Yip Chi Chiu, a director of the Company and the spouse of Ms. Lui Wai Kuen Brenda, to subscribe for 16,400,000 shares of the Company, details of which are set out in Note 30 to the financial statements.
5. The 166,400,000 shares of the Company related to the same block of shares of the Company. CIAM was owned as to 40% by CIFH and as to 25% by Asset Managers International Co., Ltd.. CIFH was owned as to 55% by CITIC Group.

Save as disclosed above, as at 31 March 2009, the Company has not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

As at 31 March 2009, none of the directors of the Company or their respective associates was interested in any business apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10(2) of the Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS

There were no contracts of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

There were no contracts of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisted at the end of the year or at any time during the year.

Furthermore, there were no contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries, holding companies or fellow subsidiaries were entered into or subsisted during the year.



Directors' Report

CONNECTED TRANSACTIONS

A sale and purchase agreement dated 25 September 2008 (the "Disposal Agreement") has been entered into among Lucky Metro Trading Ltd., an indirect wholly-owned subsidiary of the Company, as the seller (the "Seller"), Costar Universal Limited as the purchaser (the "Purchaser"), Mr. Yee Pui Jic as the guarantor of the Purchaser (the "Guarantor") and Unicla International Limited ("Unicla") in relation to the disposal (the "Disposal") by the Seller to the Purchaser of 21,750,000 shares (the "Sale Shares") in the capital of Unicla, representing approximately 70.16% of the then issued share capital of Unicla, and part of the shareholder's loan due from Unicla to the Seller in the amount of HK\$19,616,369 at a total consideration of HK\$7,000,000 (the "Consideration").

Pursuant to the Disposal Agreement, a sum of HK\$6,000,000 in cash should be paid by the Purchaser to the Seller as part payment of the Consideration on completion of the Disposal (the "Completion"); and the remaining balance of HK\$1,000,000 in cash should be paid by the Purchaser to the Seller within 2 months after the date on which the Completion should take place (the "Completion Date"). The Guarantor had guaranteed the payment of the Consideration as a principal obligor.

According to the Disposal Agreement, Unicla should repay to the Seller (or as it may direct) part of the shareholder's loan due from Unicla to the Seller in the amount of HK\$2,383,631 (the "Unassigned Indebtedness") within 6 months after the Completion Date (or at a later date as may be determined by the Seller). The Purchaser had undertaken to return the Sale Shares to the Seller in a nominal consideration of HK\$1 forthwith at the request and in the discretion of the Seller in the event that Unicla failed to repay to the Seller any part of the Unassigned Indebtedness in accordance with the schedules set out in the Disposal Agreement.

As at the date of the Disposal Agreement, the Guarantor was a director of Unicla and thus a connected person of the Company (as defined in the Listing Rules). The Purchaser is wholly owned by Ms. Yee Wai Chung Joan, who is the daughter of the Guarantor and therefore an associate of a connected person of the Company. The gross profits ratio adopted as an alternative test pursuant to Rule 14.20 of the Listing Rules exceeds 25%. Accordingly, the Disposal constituted both a major transaction and a connected transaction of the Company under the Listing Rules.

The Disposal was approved at a special general meeting of the Company held on 14 November 2008. Unicla has ceased to be a subsidiary of the Company since December 2008. As at the date of this report, full amount of the Consideration and the Unassigned Indebtedness has been received by the Seller. Details of the Disposal are set out in the Company's circular dated 30 October 2008.

Details of other related party transactions undertaken by the Group in the normal course of business during the year, which do not constitute connected transactions nor continuing connected transactions of the Company required to be disclosed under the Listing Rules, are provided under Note 32 to the financial statements.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

BORROWINGS

Neither the Group nor the Company had any bank loans or other borrowings as at 31 March 2009.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the executive directors of the Company on the basis of their performance, experience and prevailing industry practice.

The emolument of the directors of the Company is determined with regards to the time commitment and responsibilities of individual directors, the Company's performance and the prevailing market conditions.

The Company has adopted the Share Option Scheme as incentive to selected participants, including the directors and eligible employees of the Company. Details of the Share Option Scheme are set out in Note 30 to the financial statements.



Directors' Report

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in Note 11 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the applicable laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

The Company did not redeem any of its listed securities during the year ended 31 March 2009.

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 March 2009.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company maintained throughout the year a sufficient public float as required under the Listing Rules.

EVENTS AFTER THE BALANCE SHEET DATE

Details of the significant events occurring after the balance sheet date are set out in Note 33 to the financial statements.

AUDITOR

CCIF CPA Limited will retire and a resolution to re-appoint CCIF CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

Yip Chi Chiu

Deputy Chairman and Chief Executive Officer

Hong Kong, 9 July 2009



Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. The Board believes that sound corporate governance principles, increased transparency and independency of corporate operation, and an effective shareholder communication mechanism will promote the healthy growth of the Company and enhance the shareholder value.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 March 2009, the Company applied the principles of and complied with all the code provisions of, the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for the following deviation.

Subsequent to the resignation of Mr. Ryoji Furukawa as the Chairman of the Company on 16 October 2008, the Company has no Chairman. This constitutes a deviation from the code provisions A.2.1 to A.2.3 of the Code. The Company is in the process of identifying a suitable candidate to fill the vacancy for the Chairman and will issue an announcement when a new appointment is made.

Currently, Mr. Yip Chi Chiu is the Deputy Chairman and Chief Executive Officer of the Company. The Board is of the view that vesting the roles of Deputy Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. Mr. Yip is mainly responsible for the day-to-day management of the Group’s business.

DIRECTORS’ SECURITIES TRANSACTIONS

During the year under review, the Company adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that throughout the year ended 31 March 2009 they complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

Composition

The Board currently comprises the following nine directors:

Executive directors:

Mr. Yip Chi Chiu (*Deputy Chairman and Chief Executive Officer*)
Mr. Lo Wing Yat
Mr. So George Siu Ming (*Chief Operating Officer and Chief Financial Officer*)

Non-executive directors:

Mr. Leung Chung Tak Barry
Mr. Chak Chi Man
Mr. Wong Kwok Kuen

Independent non-executive directors:

Mr. Chan Yuk Tong
Mr. Fei Tai Hung
Mr. Tse Kam Fow

The biographical details of the existing directors are set out in the “Directors’ Biographies” on pages 6 to 9 of this annual report.



Corporate Governance Report

Role and Function

The Board has reserved for its decision or consideration matters covering mainly the overall strategy of the Group; annual, interim and quarterly results; material acquisition, disposal or investments; directors' appointment or re-appointment; and other significant business or financial matters. The Board has delegated the day-to-day operations of the Group to the management.

Chairman and Chief Executive Officer

Subsequent to the resignation of Mr. Ryoji Furukawa as the Chairman of the Company on 16 October 2008, the Company has no Chairman. Currently, Mr. Yip Chi Chiu is the Deputy Chairman and Chief Executive Officer of the Company.

The Board is of the view that vesting the roles of Deputy Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. Mr. Yip is mainly responsible for the day-to-day management of the Group's business.

Non-executive Directors

The term of appointment of the non-executive directors (including the independent non-executive directors) of the Company is two years or has been renewed for a further fixed period of two years.

Independent Non-executive Directors

The Company has three independent non-executive directors, representing one-third of the Board.

Throughout the year ended 31 March 2009, the Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise, respectively.

The Board has received from each independent non-executive director an annual confirmation of his independence and considers that all the independent non-executive directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

Relationship

Mr. Yip Chi Chiu is a director of Best Effort International Limited, Asset Managers (China) Fund Co., Ltd., Asset Managers (Asia) Company Limited and Bright Success Holdings Limited. Mr. Leung Chung Tak Barry is a consultant and Mr. So George Siu Ming is an employee of Asset Managers (Asia) Company Limited. Mr. Yip Chi Chiu and Mr. Lo Wing Yat are directors of CITIC International Assets Management Limited ("CIAM"). Mr. Lo Wing Yat is a director of CITIC International Financial Holdings Limited ("CIFH"). Best Effort International Limited, Asset Managers (China) Fund Co., Ltd., Asset Managers (Asia) Company Limited, Bright Success Holdings Limited, CIAM and CIFH are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong). Mr. Yip Chi Chiu and Mr. Lo Wing Yat are directors and Mr. Chak Chi Man is an employee of CIAM Group Limited (Stock Code: 378), the shares of which are listed on the Stock Exchange. CIAM Group Limited is a subsidiary of CIAM. Save as disclosed above, there is no financial, business, family or other material relationship among the members of the Board.



Corporate Governance Report

Meetings and Attendance

The Board held five regular meetings and four additional meetings during the year ended 31 March 2009. The individual attendance records of the directors at the Board meetings are as follows:

Name of directors	Number of meetings attended / held
<i>Executive directors:</i>	
Mr. Yip Chi Chiu	9/9
Mr. Lo Wing Yat	9/9
Mr. So George Siu Ming	9/9
Mr. Leung Chung Tak Barry (re-designated from an executive director to a non-executive director on 1 June 2009)	9/9
<i>Non-executive directors:</i>	
Mr. Ryoji Furukawa (resigned on 16 October 2008)	7/7
Mr. Chak Chi Man	9/9
Mr. Ryuichi Tanabe (resigned on 16 October 2008)	7/7
Mr. Takehiko Wakayama (resigned on 12 December 2008)	7/8
Mr. Wong Kwok Kuen	9/9
<i>Independent non-executive directors:</i>	
Mr. Chan Yuk Tong	9/9
Mr. Fei Tai Hung	9/9
Mr. Tse Kam Fow	8/9

Insurance

The Company has arranged appropriate insurance cover in respect of legal action against its directors.



Corporate Governance Report

BOARD COMMITTEES

The Board has established three committees, namely the Remuneration Committee, the Audit Committee and the Executive Committee with clearly defined written terms of reference. Each committee reports back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.

Remuneration Committee

The terms of reference of the Remuneration Committee are in compliance with the code provisions set out in the Code. The Remuneration Committee currently comprises three independent non-executive directors, namely Mr. Chan Yuk Tong (Chairman of the Remuneration Committee), Mr. Fei Tai Hung and Mr. Tse Kam Fow, and the Chief Executive Officer, Mr. Yip Chi Chiu.

The principal duties of the Remuneration Committee include (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management; (ii) to determine the specific remuneration packages of all executive directors and senior management; (iii) to make recommendations to the Board of the remuneration of non-executive directors; (iv) to review and approve performance-based remuneration; and (v) to ensure that no director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held one meeting during the year ended 31 March 2009. The individual attendance records of the committee members are as follows:

Name of committee members	Number of meetings attended / held
Mr. Chan Yuk Tong	1/1
Mr. Fei Tai Hung	0/1
Mr. Tse Kam Fow	1/1
Mr. Yip Chi Chiu	1/1

During the meeting, the Remuneration Committee considered and recommended to the Board (a) an increase in the directors' fees; and (b) the aggregate amount of directors' fees for approval by the shareholders of the Company at the 2008 annual general meeting.

The primary objective of the director remuneration policy is to attract, retain and motivate the Board members by providing fair reward for their contribution to the Group's performance. The directors' remuneration packages are determined with reference to the time commitment and responsibilities of individual directors, the Company's performance and the prevailing market conditions. The Company has adopted a share option scheme for the principal purpose of providing incentives or rewards to eligible participants, including the directors of the Company, for their contribution to the Group.

During the year ended 31 March 2009, no director was involved in deciding his own remuneration.



Corporate Governance Report

Audit Committee

The terms of reference of the Audit Committee are in compliance with the code provisions set out in the Code. The Audit Committee currently comprises three independent non-executive directors, namely Mr. Chan Yuk Tong (Chairman of the Audit Committee), Mr. Fei Tai Hung and Mr. Tse Kam Fow.

The principal duties of the Audit Committee include (i) to oversee the relationship with the auditor of the Company (the "Auditor"); (ii) to review the annual, interim and quarterly results before publication; and (iii) to oversee the Group's financial reporting system and internal control procedures.

The Audit Committee held four meetings during the year ended 31 March 2009. The individual attendance records of the committee members are as follows:

Name of committee members	Number of meetings attended / held
Mr. Chan Yuk Tong	4/4
Mr. Fei Tai Hung	3/4
Mr. Tse Kam Fow	2/4

During the year ended 31 March 2009, the Audit Committee (i) reviewed the accounting policies and practices adopted by the Group; (ii) reviewed the Company's results for the year ended 31 March 2008, three months ended 30 June 2008, six months ended 30 September 2008 and nine months ended 31 December 2008 and recommended the same to the Board for approval; (iii) recommended to the Board the re-appointment of the Auditor; (iv) reviewed the non-exempt continuing connected transactions of the Group during the year ended 31 March 2008; and (v) reviewed the draft report prepared by an external accounting firm on certain aspects of the Group's internal control system.

The Audit Committee has reviewed with the management and the Auditor the audited results of the Group for the year ended 31 March 2009.

Executive Committee

The Executive Committee currently comprises all the executive directors of the Company, namely Mr. Yip Chi Chiu (Chairman of the Executive Committee), Mr. Lo Wing Yat and Mr. So George Siu Ming. It meets as and when necessary and operates as a general management committee under the direct authority of the Board.



Corporate Governance Report

AUDITOR'S REMUNERATION

For the year ended 31 March 2009, Auditor received approximately HK\$380,000 for audit service and approximately HK\$139,000 for non-audit services in relation to (a) the interim results for the six months ended 30 September 2008 and (b) a major and connected transaction of the Company.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. The role and functions of the nomination committee are performed by the Board. It carries out the process of selecting and recommending candidates for directorship including the consideration of referrals and engagement of recruitment firms, whenever necessary. The Board considers the suitability of a candidate to act as a director on the basis of his qualifications, experience and background.

During the year ended 31 March 2009, there was no appointment of new directors to the Board. The re-election of directors who were subject to retirement by rotation at the 2008 annual general meeting of the Company has been considered at a regular board meeting held in June 2008 with 100% attendance rate. The individual attendance records of the directors are set out under the section headed "Board of Directors" on page 20 of this report.

FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing the financial statements of the Group.

The statement of the Auditor about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 24 to 25 of this annual report.

The directors confirm that, to the best of their knowledge, information and belief and having made all reasonable enquires, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Board has overall responsibility for establishing and maintaining an adequate and effective system of internal control of the Group to safeguard the shareholders' investments and the Group's assets.

The Group's internal control system includes a management structure with defined lines of responsibility and limits of authority. It aims to provide reasonable, but not absolute, assurance that assets are safeguarded against misappropriations, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The system is designed to identify, evaluate and manage effectively risks rather than to eliminate all risks of failure.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system, inter alia, the financial, operational and compliance controls and risk management functions of the Group; and the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. No material deficiencies have been identified. The management will deal with the areas for improvement which come to the attention of the Board and the Audit Committee. The Board is committed to improving the Group's internal control system on an ongoing basis.

COMMUNICATION WITH SHAREHOLDERS

The Company values the views of its shareholders and recognises their interests in the Group's strategy and performance. All shareholders are welcome to the annual general meeting of the Company, at which directors of the Company will be available to answer questions from shareholders. Communication is also provided through the annual reports, interim reports, announcements and circulars issued by the Company from time to time. Shareholders may also contact the Company in writing or visit the Company's website at www.jiasheng.hk for information about the Group and its activities.



Independent Auditor's Report



CCIF

CCIF CPA LIMITED

20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF JIA SHENG HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Jia Sheng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 84 which comprise the consolidated and company balance sheets 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 FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these 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 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 financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditor's Report

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited

Certified Public Accountants

Hong Kong, 9 July 2009

Leung Chun Wa

Practising Certificate Number P04963



Consolidated Income Statement

For the year ended 31 March 2009

	<i>Note</i>	2009 HKS'000	2008 HKS'000 (Restated)
Continuing operations			
Turnover	7	35,169	101,794
Net (loss) / gain from trading securities		(1,951)	879
Securities brokerage income		694	3,252
Dividend income		88	19
Interest income		604	3,126
Other income	9	(565)	7,276
Administrative expenses		99	500
Equity settled share-based payments	30(j)	(23,868)	(31,246)
Impairment on available-for-sale financial assets	22	(29,091)	(6,046)
Impairment on goodwill	19	—	(15,918)
Write-down of inventories	23	—	(1,648)
Share of results of a jointly controlled entity		—	(2,857)
Loss before taxation	10	(4,795)	—
Taxation	12	(58,220)	(49,939)
Loss for the year from continuing operations		14	(18)
Discontinued operations		(58,206)	(49,957)
Loss for the year from discontinued operations	17(a)	(14,472)	(14,532)
Loss for the year		(72,678)	(64,489)
Attributable to:			
Equity holders of the Company	13 & 28	(72,155)	(61,226)
Minority interests		(523)	(3,263)
		(72,678)	(64,489)
Dividend	14	—	—
		HKS	HKS (Restated)
Loss per share attributable to equity holders of the Company	15		
From continuing and discontinued operations			
– Basic and diluted		(0.0394)	(0.0338)
From continuing operations			
– Basic and diluted		(0.0318)	(0.0276)



Consolidated Balance Sheet

As at 31 March 2009

	<i>Note</i>	2009 HKS'000	2008 HK\$'000
Non-current assets			
Fixed assets	18	2,472	7,482
Interest in a jointly controlled entity	20	17,341	—
Other operating assets		205	230
		20,018	7,712
Current assets			
Inventories	23	—	19,565
Trade and other receivables	24	6,597	13,783
Cash and bank balances	25	48,650	79,078
		55,247	112,426
Current liabilities			
Trade and other payables	26	4,967	6,282
Provision for taxation		—	16
		4,967	6,298
Net current assets		50,280	106,128
TOTAL ASSETS LESS CURRENT LIABILITIES		70,298	113,840
CAPITAL AND RESERVES			
Share capital	27	18,304	18,304
Reserves	28	51,994	95,010
Equity attributable to equity holders of the Company		70,298	113,314
Minority interests		—	526
TOTAL EQUITY		70,298	113,840

Yip Chi Chiu
Director

So George Siu Ming
Director



Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Enterprises development reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2007	17,139	165,353	254	15,506	1,868	803	8,582	(63,611)	145,894	4,646	150,540
Proceeds from shares issued upon exercise of share options	1,165	22,410	—	—	—	—	—	—	23,575	—	23,575
Exercise of share options	—	8,398	—	—	—	—	(8,398)	—	—	—	—
Equity settled share-based payments	—	—	—	—	—	—	6,046	—	6,046	—	6,046
Share options lapsed	—	—	—	—	—	—	(9)	9	—	—	—
Cancellation of share options	—	—	—	—	—	—	(74)	74	—	—	—
Disposal of subsidiaries	—	—	(235)	—	—	(803)	—	—	(1,038)	—	(1,038)
Exchange difference on translation of the financial statements of foreign subsidiaries	—	—	63	—	—	—	—	—	63	12	75
Purchase of additional interest in subsidiaries	—	—	—	—	—	—	—	—	—	(869)	(869)
Loss for the year	—	—	—	—	—	—	—	(61,226)	(61,226)	(3,263)	(64,489)
At 31 March 2008 and 1 April 2008	18,304	196,161	82	15,506	1,868	—	6,147	(124,754)	113,314	526	113,840
Equity settled share-based payments	—	—	—	—	—	—	29,091	—	29,091	—	29,091
Share options lapsed	—	—	—	—	—	—	(116)	116	—	—	—
Exchange difference on translation of the financial statements of foreign subsidiaries	—	—	3	—	—	—	—	—	3	(3)	—
Share of exchange reserve of a jointly controlled entity	—	—	130	—	—	—	—	—	130	—	130
Deregistration of a subsidiary	—	—	(54)	—	—	—	—	—	(54)	—	(54)
Disposal of subsidiaries	—	—	(31)	—	—	—	—	—	(31)	—	(31)
Loss for the year	—	—	—	—	—	—	—	(72,155)	(72,155)	(523)	(72,678)
At 31 March 2009	18,304	196,161	130	15,506	1,868	—	35,122	(196,793)	70,298	—	70,298



Consolidated Cash Flow Statement

For the year ended 31 March 2009

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
Operating activities			
Loss before taxation (including loss from discontinued operations)		(72,689)	(64,466)
Adjustments for:			
Interest income		(622)	(3,539)
Dividend income from listed investments		(88)	(19)
Share of results of a jointly controlled entity		4,795	—
Loss on disposal of fixed assets		153	150
Depreciation		2,128	3,039
Equity settled share-based payments		29,091	6,046
Impairment on available-for-sale financial assets		—	15,918
Impairment on fixed assets		2,100	—
Impairment on goodwill		—	5,621
Write-down of inventories		10,007	5,253
Gain on deregistration of a subsidiary		(54)	—
Gain on disposal of subsidiaries	29(b)	—	(98)
Loss on disposal of subsidiaries	29(b)	—	630
Operating loss before changes in working capital		(25,179)	(31,465)
Decrease / (increase) in inventories		5,189	(16,331)
Decrease in amounts due from related companies		—	48
Decrease / (increase) in trade and other receivables		4,661	(653)
Decrease / (increase) in other operating assets		25	(25)
Increase / (decrease) in trade and other payables		724	(4,282)
Net cash used in operations		(14,580)	(52,708)
Taxation (paid) / refunded			
– Hong Kong		(30)	—
– Overseas		25	(87)
Interest received		633	3,583
Dividend received from listed investments		88	19
Net cash used in operating activities		(13,864)	(49,193)
Investing activities			
Payments to acquire fixed assets		(1,546)	(1,918)
Increase in shareholdings of subsidiaries	29(a)	—	(2,500)
Investment in a jointly controlled entity		(22,006)	—
Disposal of subsidiaries, net of cash and cash equivalents disposed of	29(b)	6,073	668
Proceeds from disposal of fixed assets		57	15
Net cash used in investing activities		(17,422)	(3,735)



Consolidated Cash Flow Statement

For the year ended 31 March 2009

	<i>Note</i>	2009 HKS'000	2008 HK\$'000
Financing activities			
Increase in loans from a minority shareholder of disposed subsidiaries		860	—
Proceeds from shares issued upon exercise of share options		—	23,575
Net cash generated from financing activities		860	23,575
Net decrease in cash and cash equivalents		(30,426)	(29,353)
Effect on exchange rate changes		(2)	75
Cash and cash equivalents at beginning of the year		79,078	108,356
Cash and cash equivalents at end of the year	25	48,650	79,078



Balance Sheet

As at 31 March 2009

	<i>Note</i>	2009 HKS'000	2008 HK\$'000
Non-current assets			
Interests in subsidiaries	21	33,286	17,441
Current assets			
Amount due from a subsidiary	21	—	25,700
Trade and other receivables	24	191	5,871
Cash and bank balances	25	36,687	64,115
		36,878	95,686
Current liabilities			
Trade and other payables	26	389	787
Net current assets		36,489	94,899
TOTAL ASSETS LESS CURRENT LIABILITIES		69,775	112,340
CAPITAL AND RESERVES			
Share capital	27	18,304	18,304
Reserves	28	51,471	94,036
TOTAL EQUITY		69,775	112,340

Yip Chi Chiu
Director

So George Siu Ming
Director



Notes to the Financial Statements

1. GENERAL INFORMATION

Jia Sheng Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office and principal place of business of the Company are situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 15th Floor, W Square, Nos. 314-324 Hennessy Road, Wanchai, Hong Kong respectively.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in securities dealing and investment, provision of securities brokerage services, treasury investment and investment holding. The Group was also engaged in manufacturing and trading of automotive components and provision of logistics services which were discontinued during the years ended 31 March 2009 and 2008 respectively, as further detailed in Note 17.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has where applicable adopted the following new interpretations and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time of the current year’s financial statements:

HKAS 39 and HKFRS 7 (Amendments)	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets
HK(IFRIC) - Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The adoption of the above interpretations and amendments have had no material effects on how the results and financial position of the current or prior accounting years have been prepared and presented.

The Group has not early applied the following new and revised standards, amendments and interpretations, that have been issued but are not yet effective for annual period beginning on 1 April 2008, in these financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKFRS 1 & HKAS 27 (Amendments)	Amendments to HKFRS 1 First-time adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 1 (Revised)	First-time adoption of HKFRSs ⁴
HKFRS 2 (Amendments)	Amendments to HKFRS 2 Share-based Payment - Vesting Conditions and Cancellations ³
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendments)	Amendments to HKFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
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)	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation ³



Notes to the Financial Statements

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKAS 39 (Amendment)	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items ⁴
HK(IFRIC) - Int 9 and HKAS 39 (Amendments)	Amendments to HK(IFRIC) - Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognitions and Measurement - Embedded Derivatives ⁷
HK(IFRIC) - Int 13	Customer Loyalty Programmes ⁵
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 ⁶
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC) - Int 18	Transfers of Assets from Customers ⁸

¹ Effective for annual periods beginning on or after 1 January 2009 except 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 beginning on or after 1 July 2008

⁶ Effective for annual periods beginning on or after 1 October 2008

⁷ Effective for annual periods ending on or after 30 June 2009

⁸ Effective for transfer of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results and financial position.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES

(a) *Basis of preparation*

These financial statements have been prepared in accordance with HKFRSs, which include all HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). The financial statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. Disposal groups and non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell.

The consolidated financial statements for the year ended 31 March 2009 comprise the Company, its subsidiaries and the Group’s interest in a jointly controlled entity.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

(b) *Basis of consolidation*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Interests in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Group, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation (Continued)

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, interests in a subsidiary is stated at cost less any impairment losses.

(c) Jointly controlled entity

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and the other parties share joint control over the economic activity of the entity.

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the jointly controlled entity's net assets and any impairment loss relating to the investment. The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement.

Where the Group's share of losses exceeds its interest in the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in income statement.

(d) Fixed assets and depreciation

All fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. The annual rates used for depreciation are as follows:

Leasehold improvements	20% to 33.3%
Furniture and equipment	20% to 33.3%
Motor vehicles	25%
Plant and machinery	20% to 33.3%



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Fixed assets and depreciation (Continued)

The asset's residual value, estimated useful life and depreciation method are reviewed and adjusted if appropriate, at each balance sheet date.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(e) Goodwill

Goodwill arising on acquisition of subsidiaries represents the excess of the cost of a business combination over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill on acquisition of subsidiaries is presented separately in the consolidated balance sheet. Goodwill is tested for impairment at each reporting date and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised an impairment loss on goodwill is recognised in the consolidated income statement and is not reversed in subsequent periods. On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the calculation of profit or loss on disposal.

(f) Impairment of assets other than goodwill

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities, other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Impairment of assets other than goodwill (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.
- For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

For available-for-sale financial assets, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in the income statement. Impairment losses recognised in the income statement in respect of available-for-sale financial assets are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Impairment of assets other than goodwill (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that other assets (including fixed assets, interests in subsidiaries and interest in a jointly controlled entity) may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently.

— Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year. Impairment losses recognised in an interim period in respect of goodwill and available-for-sale financial assets carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) *Other investments in equity securities*

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the income statement as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in the income statement. The net gain or loss recognised in the income statement does not include any dividends or interest earned on these investments.

Other investments in securities are classified as available-for-sale equity securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity. Dividend income from these investments is recognised in income statement and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. When these investments are derecognised or impaired, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

Investments in equity securities that do not have a listed market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

Investments are recognised or derecognised on the date when the Group commits to purchase or sell the investments or when they expire.

(h) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) *Trade and other payables*

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) sales of goods is recognised when the Group's products are delivered, and when the significant risks and rewards of ownership have been transferred to the buyer.
- (ii) interest income is recognised on an accrual basis, using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial assets to the net carrying amounts of the financial assets.
- (iii) dividend income is recognised when the right to receive payment has been established.
- (iv) gains or losses of trading securities are recognised on a trade date basis when the relevant contract notes are exchanged.
- (v) commission income from securities brokerage service is recognised on a trade date basis when the services are rendered.

(l) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously;
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either;
- the same taxable entity; or
- different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Provisions

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a present legal or constructive obligation arising as a result of past events, it is probable that a future outflow of resources will be required to settle the obligation, and provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

(o) Employee benefits

Salaries, annual bonuses, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(p) Share-based payment transactions

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited to the income statement for the year under review. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest with a corresponding adjustment to the share option reserve. The equity amount is recognised in the share option reserve until either the option is exercised when it is transferred to the share premium account or the option expires when it is released directly to retained profits.

(q) Borrowing costs

Borrowing costs are recognised in the income statement in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

(r) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are expensed in the income statement on a straight-line basis over the lease terms.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) *Cash and cash equivalents*

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, cash at banks and demand deposits with banks and other financial institutions and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been a short maturity within three months from the date of acquisition, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(t) *Foreign currency translations*

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the income statement.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which related to that foreign operation is included in the calculation of the profit or loss on disposal.

(u) *Related parties*

A party is considered to be related to the Group if:

- (i) the party, directly or indirectly through one or more intermediaries, (a) controls, is controlled by, or is under the common control with, the Group; (b) has an interest in the Group that gives it significant influence over the Group; or (c) has joint control over the Group;
- (ii) the party is an associate of the Group;
- (iii) the party is a jointly controlled entity in which the Group is a venturer;
- (iv) the party is a member of the key management personnel of the Group or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(v) *Dividends and distributions*

Dividends and distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends and distributions have been approved by the Company's shareholders.



Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and fixed assets. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group made estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of fixed assets

The Group's management determines the estimated useful lives and related depreciation charge for its fixed assets. This estimate is based on the historical experience of the actual useful lives of the fixed assets of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. Impairment loss will be recognised for technically obsolete or non-strategic assets that have been abandoned.

(b) Impairment of fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculations or market valuations. In determining the value in use, expected cash flows generated by the asset are discounted to their present values, which requires significant judgement relating to such items such as level of turnover and amount of operating costs.

(c) Share-based payment transactions

In determining the total expenses for the Group's equity compensation plans, the Group estimates the number of share options that are expected to become exercisable at the date of grant. At each balance sheet date before the share options become exercisable, the Group will revise the total expenses where the number of share options that are expected to become exercisable is different from that previously estimated.



Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets as at the balance sheet date are as follows:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade and other receivables	5,514	7,027	22	394
Cash and bank balances	48,650	79,078	36,687	64,115
Loans and receivables (including cash and cash equivalents)	54,164	86,105	36,709	64,509

Financial liabilities as at the balance sheet date are as follows:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade and other payables	4,967	6,282	389	787
Financial liabilities at amortised cost	4,967	6,282	389	787

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and currency risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit risk

The carrying amounts of the trade and other receivables and cash and bank balances included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group's time deposits are deposited with creditworthy banks with no recent history of default and the Group has limited exposure to any single financial institution.

The Group has no significant concentration of credit risk. To minimise its credit risk exposure, credit evaluations are performed for the determination and approval of credit limits granted and other monitoring procedures are implemented to ensure that follow-up actions are taken to recover overdue debts. In addition, regular reviews on aging and recoverability are performed to ensure that adequate impairment losses are made for irrecoverable amounts. None of the Group's financial assets are secured by collateral or other credit enhancements.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by maintaining sufficient cash available.

Management also closely monitors the Group's cash flow forecast and actual cash flows and maturity profiles of financial assets and liabilities.



Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-interest-bearing financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

Group

	Within one year or on demand HK\$'000	2009 Total un- discounted cash flows HK\$'000	Total carrying amount HK\$'000
Trade and other payables	4,967	4,967	4,967
	Within one year or on demand HK\$'000	2008 Total un- discounted cash flows HK\$'000	Total carrying amount HK\$'000
Trade and other payables	6,282	6,282	6,282

The maturity profile of the Company's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

Company

	Within one year or on demand HK\$'000	2009 Total un- discounted cash flows HK\$'000	Total carrying amount HK\$'000
Other payables	389	389	389
	Within one year or on demand HK\$'000	2008 Total un- discounted cash flows HK\$'000	Total carrying amount HK\$'000
Other payables	787	787	787



Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Interest rate risk

Interest rate risk primarily resulted from timing differences in respect of interest-bearing assets. The Group's interest-bearing assets are mainly cash at banks and time deposits. Cash at banks earns interest income at floating rates stipulated by the banks from time to time. Short-term time deposits are maintained for various periods which can be drawn at short notice, depending on the cash requirements of the Group. They earn interest income at market time deposit rates. Fluctuation of market rates does not have a significant impact to the operating cash flows.

Group

	2009		2008	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
Interest-bearing bank balances	0.01% to 0.62%	48,623	0.6% to 2.27%	79,030

Sensitivity analysis

At 31 March 2009, it is estimated that a general increase or decrease 100 basis points in interest rates, with all other variable held constant, would decrease or increase the Group's loss after tax and accumulated losses for the year by approximately HK\$486,000 (2008: HK\$ 790,000). Other components of equity would not be affected by the changes in interest rates for both years.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2008.



Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iv) Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures. Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group does not have a foreign currency hedging policy. The management monitors the relative foreign exchange positions of its assets and liabilities and will consider hedging significant foreign currency exposures should the need arise.

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in currencies other than the functional currency of the entity to which they relate.

	2009		2008	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Trade and other receivables	—	—	3,879	—
Cash and bank balances	947	—	1,449	—
Trade and other payables	—	—	—	1,974
	947	—	5,328	1,974
US Dollars	945	—	3,879	—
Euro	—	—	4	112
Renminbi	2	—	418	1,129
Japanese Yen	—	—	1,027	733
	947	—	5,328	1,974

The following table which details the Group's sensitivity analysis has been determined assuming that a 5% increase or decrease in the Hong Kong dollars against Euro, Renminbi and Japanese Yen had occurred at the balance sheet date (Under the linked exchange rate system, the financial impact on exchange difference between Hong Kong dollar and US dollar will be immaterial and therefore no sensitivity analysis has been prepared) and had been applied only to outstanding foreign currency denominated monetary items as at the balance sheet date, and that all other variables, in particular interest rates, remain constant.

A positive number below indicates an increase in profit where the Hong Kong dollars strengthens 5% against Euro, Renminbi and Japanese Yen. For a 5% weakening of the Hong Kong dollars against those currencies, there would be an equal and opposite impact on the profits of the Group.

	Effect on profit/(loss) after tax and accumulated losses	
	2009 HK\$'000	2008 HK\$'000
Euro	—	(6)
Renminbi	—	(36)
Japanese Yen	—	15

This analysis is prepared by using certain assumptions on a hypothetical situation. In reality, market exchange rates would not change in isolation. In management's opinion, the analysis is used for reference purpose and should not be considered as a projection of the Group's future profits or losses.



Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value

The fair value of cash and cash equivalents, bank deposits, trade and other receivables, trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

6. 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 stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of the equity attributable to equity holders of the Company, comprising issued capital and reserves. No changes were made in the objectives, policies or processes during the year ended 31 March 2009 and 2008.

The management of the Group reviews the capital structure and considers the cost of capital regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, issue new shares as well as the raising of bank borrowings.

Except for the capital maintenance requirement imposed by the Securities and Futures Ordinance on a subsidiary, neither the Company nor any other subsidiary is subject to externally imposed capital requirements.



Notes to the Financial Statements

6. CAPITAL RISK MANAGEMENT (Continued)

The Group monitors its capital structure on the basis of net debt to equity ratio, which is net debt divided by capital. Net debt includes the Group's total borrowings less cash and bank balances as shown in consolidated balance sheet. Total capital is defined as shareholders' equity. The net debt to equity ratio as at the balance sheet date was as follows:

Group

	2009 HK\$'000	2008 HK\$'000
Total liabilities		
Trade and other payables	4,967	6,282
Total debts	4,967	6,282
Less : Cash and bank balances	(48,650)	(79,078)
Net debts	N/A	N/A
Total equity	70,298	113,840
Net debt to equity ratio	0%	0%

7. TURNOVER

Turnover represents the aggregate of gross proceeds from sales of trading securities, income from securities brokerage services, income on treasury investment which includes interest income on bank deposits, dividend income and income from other businesses.

	2009 HK\$'000	2008 HK\$'000
Proceeds from sales of trading securities	33,783	95,397
Securities brokerage service income	694	3,252
Bank interest income from treasury investment in cash market	604	3,126
Dividend income from listed investments	88	19
Turnover from continuing operations	35,169	101,794



Notes to the Financial Statements

8. SEGMENT INFORMATION

Segment information is presented by way of business segment as the primary segment reporting format and geographical segment as the secondary segment reporting format.

The Group's operating businesses are structured and managed separately, according to the nature of their operations. The Group's business segments represent different strategic business units which are subject to risks and returns that are different from those of the other business segments. In respect of geographical segment reporting, revenue is based on the geographical location of customers, and assets and capital expenditure are based on the geographical location of the assets.

(a) Primary reporting format - business segments

Descriptions of the business segments are as follows:

- (i) the securities investment segment includes dealings and trading of securities;
- (ii) the securities brokerage segment provides securities brokerage services;
- (iii) the treasury investment segment represents investments in cash market; and
- (iv) during the year 2009, the manufacturing and trading of automotive components business was classified as discontinued operations. The provision of logistics services was classified as discontinued operations during the year 2008.



Notes to the Financial Statements

8. SEGMENT INFORMATION (Continued)

(a) Primary reporting format - business segments (Continued)

An analysis of the Group's segment information by business segments is set out as follows:

	2009					2009			Consolidated HK\$'000
	Continuing operations				Sub-total HK\$'000	Discontinued operations		Sub-total HK\$'000	
	Securities investment HK\$'000	Securities brokerage HK\$'000	Treasury investment HK\$'000	Inter-segment elimination HK\$'000		Manufacturing and trading of automotive components HK\$'000	Logistics services HK\$'000		
Turnover	33,871	694	604	—	35,169	10,279	—	10,279	45,448
Net loss from trading securities (Note)	(1,951)	—	—	—	(1,951)	—	—	—	(1,951)
Securities brokerage income	—	694	—	—	694	—	—	—	694
Dividend income	88	—	—	—	88	—	—	—	88
Interest income	—	—	604	—	604	—	—	—	604
Sale of automotive components	—	—	—	—	—	10,279	—	10,279	10,279
	(1,863)	694	604	—	(565)	10,279	—	10,279	9,714
Other income	2	13	—	—	15	237	—	237	252
	(1,861)	707	604	—	(550)	10,516	—	10,516	9,966
Segment results	(2,395)	(3,501)	604	—	(5,292)	(2,362)	—	(2,362)	(7,654)
Unallocated group other income					84			—	84
Unallocated group expenses					(19,126)			—	(19,126)
Equity settled share-base payments					(29,091)			—	(29,091)
Write-down of inventories					—	(10,007)	—	(10,007)	(10,007)
Impairment on fixed assets					—	(2,100)	—	(2,100)	(2,100)
Share of results of a jointly controlled entity					(4,795)			—	(4,795)
Loss before taxation					(58,220)			(14,469)	(72,689)
Taxation					14			(3)	11
Loss for the year					(58,206)			(14,472)	(72,678)
Segment assets	2,627	13,206	35,560	—	51,393			—	51,393
Unallocated assets					23,872			—	23,872
Total assets					75,265			—	75,265
Segment liabilities	(4,819)	(8,703)	—	9,629	(3,893)			—	(3,893)
Unallocated liabilities					(1,074)			—	(1,074)
Total liabilities					(4,967)			—	(4,967)
Other segment information:									
Capital expenditure	—	606	—	—	606			—	606
Unallocated					940			—	940
Total capital expenditure					1,546			—	1,546
Depreciation	—	447	—	—	447	981	—	981	1,428
Unallocated					700			—	700
Total depreciation					1,147			981	2,128

Note: In prior years, the gross sale proceeds from disposal of trading securities were classified as turnover while the corresponding investment cost was classified as cost of sales. After consideration of the preferred presentation under 'Hong Kong Accounting Standard 39 Financial Instruments: Recognition and Measurement', only the net gain or loss from trading securities is presented. These changes in presentation do not have any impact on the Group's financial statements. The comparative figures were restated accordingly.



Notes to the Financial Statements

8. SEGMENT INFORMATION (Continued)

(a) Primary reporting format - business segments (Continued)

	2008 (Restated)										
	Continuing operations					Discontinued operations					Consolidated HK\$'000
	Securities investment HK\$'000	Securities brokerage HK\$'000	Treasury investment HK\$'000	Inter- segment elimination HK\$'000	Sub-total HK\$'000	Manufacturing and trading of automotive components HK\$'000	Logistics services HK\$'000	Inter- segment elimination HK\$'000	Sub-total HK\$'000		
Turnover	95,416	3,257	3,126	(5)	101,794	18,869	1,432	—	20,301	122,095	
Net gain from trading securities (Note)	874	—	—	5	879	—	—	—	—	879	
Securities brokerage income	—	3,257	—	(5)	3,252	—	—	—	—	3,252	
Dividend income	19	—	—	—	19	—	—	—	—	19	
Interest income	—	—	3,126	—	3,126	—	—	—	—	3,126	
Income from discontinued operations	—	—	—	—	—	18,869	1,432	—	20,301	20,301	
	893	3,257	3,126	—	7,276	18,869	1,432	—	20,301	27,577	
Other income	39	307	—	—	346	142	—	—	142	488	
	932	3,564	3,126	—	7,622	19,011	1,432	—	20,443	28,065	
Segment results	123	(2,145)	3,126	—	1,104	(7,108)	(420)	—	(7,528)	(6,424)	
Unallocated group other income					154				—	154	
Unallocated group expenses					(24,728)				—	(24,728)	
Equity settled share-based payments					(6,046)				—	(6,046)	
Impairment on available-for-sale financial assets					(15,918)				—	(15,918)	
Write-down of inventories					(2,857)	(2,396)	—	—	(2,396)	(5,253)	
Impairment on goodwill	—	(1,648)	—	—	(1,648)	(3,973)	—	—	(3,973)	(5,621)	
Loss on disposal of subsidiaries					—				(630)	(630)	
Loss before taxation					(49,939)				(14,527)	(64,466)	
Taxation					(18)				(5)	(23)	
Loss for the year					(49,957)				(14,532)	(64,489)	
Segment assets	5,513	10,951	63,948	—	80,412	29,884	—	—	29,884	110,296	
Unallocated assets					9,842				—	9,842	
Total assets					90,254				29,884	120,138	
Segment liabilities	(5,264)	(2,947)	—	5,239	(2,972)	(28,149)	—	25,700	(2,449)	(5,421)	
Unallocated liabilities					(877)				—	(877)	
Total liabilities					(3,849)				(2,449)	(6,298)	
Other segment information:											
Capital expenditure	—	45	—	—	45	473	—	—	473	518	
Unallocated					1,400				—	1,400	
Total capital expenditure					1,445				473	1,918	
Depreciation	—	594	—	—	594	1,943	89	—	2,032	2,626	
Unallocated					413				—	413	
Total depreciation					1,007				2,032	3,039	



Notes to the Financial Statements

8. SEGMENT INFORMATION (Continued)

(b) Secondary reporting format - geographical segments

An analysis of the Group's segment information by geographical segments is set out as follows:

	2009			Consolidated HK\$'000
	Hong Kong HK\$'000	PRC HK\$'000	Overseas HK\$'000	
Turnover	38,172	—	7,276	45,448
Attributable to discontinued operations	(3,003)	—	(7,276)	(10,279)
Attributable to continuing operations	35,169	—	—	35,169
Segment income	2,438	—	7,276	9,714
Attributable to discontinued operations	(3,003)	—	(7,276)	(10,279)
Attributable to continuing operations	(565)	—	—	(565)
Segment assets	57,924	—	—	57,924
Interest in a jointly controlled entity	—	17,341	—	17,341
	57,924	17,341	—	75,265
Capital expenditure	1,546	—	—	1,546

	2008 (Restated)			Consolidated HK\$'000
	Hong Kong HK\$'000	PRC HK\$'000	Overseas HK\$'000	
Turnover	109,345	—	12,750	122,095
Attributable to discontinued operations	(7,551)	—	(12,750)	(20,301)
Attributable to continuing operations	101,794	—	—	101,794
Segment income	14,827	—	12,750	27,577
Attributable to discontinued operations	(7,551)	—	(12,750)	(20,301)
Attributable to continuing operations	7,276	—	—	7,276
Segment assets	98,886	18,731	2,521	120,138
Capital expenditure	1,445	473	—	1,918

9. OTHER INCOME

	2009 HK\$'000	2008 HK\$'000
Gain on disposal of subsidiaries (Note 29(b))	—	98
Gain on deregistration of a subsidiary	54	—
Others	45	402
	99	500



Notes to the Financial Statements

10. LOSS BEFORE TAXATION

Loss before taxation is arrived at after (crediting) / charging:

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)
Interest income	(618)	(3,508)	(4)	(31)	(622)	(3,539)
Dividend income from listed investments	(88)	(19)	—	—	(88)	(19)
Auditor's remuneration	380	587	—	28	380	615
Cost of inventories sold	—	—	9,192	18,741	9,192	18,741
Depreciation of fixed assets	1,147	1,007	981	2,032	2,128	3,039
Loss on disposal of fixed assets	123	143	30	7	153	150
(Gain) / Loss on disposal of subsidiaries	—	(98)	—	630	—	532
Operating lease charges in respect of rented premises	1,983	1,609	919	1,438	2,902	3,047
Staff costs (including directors' emoluments)						
– salaries and allowances	9,314	14,562	1,822	5,108	11,136	19,670
– equity settled share-based payments	27,534	4,509	—	—	27,534	4,509
– contributions to retirement benefits schemes	182	332	145	329	327	661

11. RETIREMENT BENEFIT SCHEMES

The Hong Kong subsidiaries operate defined contribution retirement benefit schemes under the Hong Kong Mandatory Provident Fund Schemes Ordinance (“Ordinance”). The Ordinance requires both the Group and the employees to contribute 5% of the employees’ monthly gross earnings with a ceiling of HK\$1,000 per month. The assets of the scheme are held separately from those of the Group in independently administered funds. The contributions payable by the Group to the scheme are immediately vested and charged to the consolidated income statement.

The Group’s subsidiaries in the PRC and Japan participate in the state-managed retirement benefit schemes operated by respective local governments by the law of the countries in which the subsidiaries operate, the assets of which are held separately from those of the Group. The subsidiaries are required to make monthly contributions at rates prevailing in the relevant laws on the employees’ monthly salaries. The contributions vest fully when contributed to the schemes. The Group has no further obligation apart from the contributions as stated above.

The retirement benefits costs charged to the consolidated income statement represent employer contributions paid and payable by the Group to the schemes and amounted to HK\$327,000 (2008: HK\$661,000).



Notes to the Financial Statements

12. TAXATION

	2009 HK\$'000	2008 HK\$'000
<i>Continuing operations</i>		
Hong Kong:		
Charge for the year	—	18
Overprovision in prior years	(14)	—
	(14)	18
<i>Discontinued operations</i>		
Overseas:		
Charge for the year	3	5
Total (credit) / charge for the year	(11)	23

No provision for the Hong Kong Profits Tax has been made as the Group sustained losses for taxation purposes during the year ended 31 March 2009. Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year ended 31 March 2008. The taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

The tax (credit) / charge for the year can be reconciled to the loss per consolidated income statement as follows:

	2009 HK\$'000	2008 HK\$'000 (Restated)
Loss before taxation		
Continuing operations	(58,220)	(49,939)
Discontinued operations	(14,469)	(14,527)
	(72,689)	(64,466)
Tax at the statutory tax rate of 16.5% (2008: 17.5%)	(11,994)	(11,282)
Effect of different tax rates in other jurisdictions	63	15
Expenses not deductible for taxation purposes	9,137	8,150
Income not subject to taxation	(125)	(538)
Tax effect of accelerated tax depreciation not previously recognised	(29)	247
Overprovision in prior years	(14)	—
Tax losses not recognised	2,951	3,431
Tax (credit) / charge for the year	(11)	23

At 31 March 2009, the Group has unprovided deferred tax assets of approximately HK\$12,779,000 (2008: HK\$13,394,000), primarily representing the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities). The deferred tax assets have not been recognised due to the unpredictability of future profit streams. The tax losses are carried forward indefinitely.



Notes to the Financial Statements

13. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company for the year includes a loss of approximately HK\$71,656,000 (2008: HK\$30,144,000) which has been dealt with in the financial statements of the Company.

14. DIVIDEND

No dividend was paid or declared by the Company during the year (2008: Nil).

15. LOSS PER SHARE

(a) Basic loss per share

From continuing and discontinued operations

The basic loss per share is calculated based on (i) the consolidated loss attributable to equity holders of the Company of HK\$72,155,000 (2008: HK\$61,226,000) and (ii) the weighted average number of 1,830,421,212 ordinary shares (2008: 1,810,306,193 ordinary shares) in issue during the year.

From continuing operations

The basic loss per share from continuing operations attributable to the equity holders of the Company is calculated as follows:

	2009 HK\$'000	2008 HK\$'000 (Restated)
Loss for the year attributable to equity holders of the Company		
Loss for the year	72,155	61,226
Less: Loss for the year from discontinued operations <i>(Note 17(a))</i>	(13,949)	(11,269)
Loss for the year attributable to equity holder of the Company from continuing operations	58,206	49,957

From discontinued operations

Basic loss per share from discontinued operations is HK\$0.0076 (2008: restated HK\$0.0062) which is calculated based on the loss for the year attributable to equity holders of the Company from discontinued operations of HK\$13,949,000 (2008: restated HK\$11,269,000).

The denominators used for basic loss per share from continuing and discontinued operations are the same as those detailed above.

(b) Diluted loss per share

The share options outstanding had no dilutive effect on the basic loss per share for the years ended 31 March 2009 and 2008. Therefore, the diluted loss per share is the same as the basic loss per share for both years.



Notes to the Financial Statements

16. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of the directors of the Company (the "Directors") for the year ended 31 March 2009 disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance are set out below:

	Directors' fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Equity settled share-based payments HK\$'000	Retirement benefits schemes contributions HK\$'000	2009 Total HK\$'000
Executive Directors					
Mr. Yip Chi Chiu	—	1,300	880	12	2,192
Mr. Lo Wing Yat	150	—	784	—	934
Mr. Leung Chung Tak Barry	—	800	784	12	1,596
Mr. So George Siu Ming	—	1,170	784	12	1,966
Non-executive Directors					
Mr. Ryoji Furukawa	—	—	—	—	—
Mr. Chak Chi Man	150	—	193	—	343
Mr. Ryuichi Tanabe	—	—	—	—	—
Mr. Takehiko Wakayama	—	—	—	—	—
Mr. Wong Kwok Kuen	150	—	193	—	343
Independent non-executive Directors					
Mr. Chan Yuk Tong	150	—	97	—	247
Mr. Fei Tai Hung	150	—	97	—	247
Mr. Tse Kam Fow	150	—	97	—	247
	900	3,270	3,909	36	8,115



Notes to the Financial Statements

16. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The emoluments of the Directors for the year ended 31 March 2008 disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance are set out below:

	Directors' fees	Basic salaries, allowances and benefits in kind	Equity settled share-based payments	Retirement benefits schemes contributions	2008 Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors					
Mr. Yip Chi Chiu	—	1,059	869	10	1,938
Mr. Lo Wing Yat	83	—	774	—	857
Mr. Leung Chung Tak Barry	—	953	774	10	1,737
Mr. Loo Chung Keung Steve	—	200	—	2	202
Mr. Chan Wai Ming	—	190	—	2	192
Mr. So Georg Siu Ming	—	953	774	10	1,737
Mr. Wong Kwok Kuen	22	—	—	—	22
Non-executive Directors					
Mr. Ryoji Furukawa	—	—	—	—	—
Mr. Chak Chi Man	83	—	191	—	274
Mr. Ryuichi Tanabe	—	—	—	—	—
Mr. Takehiko Wakayama	—	—	—	—	—
Mr. Wong Kwok Kuen	70	—	191	—	261
Independent non-executive Directors					
Mr. Chan Yuk Tong	93	—	95	—	188
Mr. Pang Chun Sing	10	—	—	—	10
Mr. Chan Chun Wai	10	—	—	—	10
Mr. Sit Fung Shuen Victor	10	—	—	—	10
Mr. Fei Tai Hung	77	—	95	—	172
Mr. Tse Kam Fow	77	—	95	—	172
	535	3,355	3,858	34	7,782



Notes to the Financial Statements

16. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The aggregate amounts of emoluments payable to the Directors during the year are as follows:

	2009 HK\$'000	2008 HK\$'000
Fees		
Executive Directors	150	105
Non-executive Directors	300	153
Independent non-executive Directors	450	277
	900	535
Other emoluments for Directors		
Basic salaries, allowances and benefits in kind	3,270	3,355
Equity settled share-based payments	3,909	3,858
Retirement benefits schemes contributions	36	34
	7,215	7,247
	8,115	7,782

The above emoluments included the value of share options granted to certain Directors under the Company's share option scheme. The details are disclosed under the paragraph "Share Option Scheme" in the Directors' report and Note 30.

No emoluments of the Directors were incurred as an inducement to join or upon joining the Company or as compensation for loss of office during these two years.

During the year, each of Mr. Ryoji Furukawa and Mr. Ryuichi Tanabe agreed to waive his entitlement to the director's fee of HK\$81,048 for the period from 1 April 2008 to 15 October 2008. Mr. Takehiko Wakayama agreed to waive his entitlement to the director's fee of HK\$104,435 for the period from 1 April 2008 to 11 December 2008.

During the year 2008, each of Mr. Ryoji Furukawa, Mr. Ryuichi Tanabe and Mr. Takehiko Wakayama agreed to waive his entitlement to the director's fee of HK\$83,333 for the period from 1 June 2007 to 31 March 2008.



Notes to the Financial Statements

16. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five highest paid individuals of the Group include three (2008: four) Directors, details of whose emoluments are set out in Note 16(a). The emoluments of the remaining two (2008: one) highest paid employees were as follows:

	2009 HK\$'000	2008 HK\$'000
Basic salaries, allowances and benefits in kind	—	578
Equity settled share-based payments	20,208	185
Retirement benefits schemes contributions	—	12
	20,208	775

The number of the non-director, highest paid employees whose emoluments fell within the following bands is as follows:

Emoluments bands	Number of Employees	
	2009	2008
HK\$Nil – HK\$1,000,000	—	1
HK\$10,000,001 – HK\$10,500,000	2	—
	2	1



Notes to the Financial Statements

17. DISCONTINUED OPERATIONS

On 25 September 2008, the Group entered into a sale and purchase agreement to dispose of its entire 70.16% interest in Unicla International Limited (“Unicla”) together with a shareholder’s loan of HK\$19,616,369 for a consideration of HK\$7,000,000 (Note 32 (a)(i)). Unicla ceased to be a subsidiary of the Company in December 2008. The manufacturing and trading of automotive components business which was solely carried out by Unicla has become discontinued operations. The consolidated income statement and presentation of certain items of last corresponding year have been restated to comply with the relevant requirements accordingly. In the same period of last year, the Group disposed of its entire interest in a subsidiary, which was engaged in the provision of logistics services.

The results and cash flows of these two business segments have been presented as discontinued operations.

(a) An analysis of the results of the discontinued operations is as follows:

	<i>Note</i>	2009 HKS’000	2008 HKS’000 (Restated)
Turnover		10,279	20,301
Cost of sales		(9,192)	(18,741)
Gross profit		1,087	1,560
Other income		237	142
Administrative expenses		(3,686)	(9,230)
Write-down of inventories	23	(10,007)	(2,396)
Impairment on fixed assets	18	(2,100)	—
Impairment on goodwill		—	(3,973)
Loss before taxation	10	(14,469)	(13,897)
Taxation	12	(3)	(5)
Loss for the year		(14,472)	(13,902)
Loss on disposal of subsidiaries	29(b)	—	(630)
Loss for the year from discontinued operations		(14,472)	(14,532)
Attributable to:			
Equity holders of the Company	15	(13,949)	(11,269)
Minority interests		(523)	(3,263)
		(14,472)	(14,532)

(b) The cash flows attributable to the discontinued operations are as follows:

	2009 HKS’000	2008 HKS’000 (Restated)
Net cash inflow / (outflow) from operating activities	2,995	(20,626)
Net cash inflow / (outflow) from investing activities	56	(474)
Net cash (outflow) / inflow from financing activities	(3,923)	21,100
Total cash outflow	(872)	—



Notes to the Financial Statements

18. FIXED ASSETS

Group

	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 April 2007	1,901	11,434	2,292	1,503	17,130
Additions	19	363	163	1,373	1,918
Disposal of subsidiaries	—	(4,459)	(3)	(1,066)	(5,528)
Disposals	(4)	—	(46)	(250)	(300)
Exchange adjustments	—	4	—	—	4
At 31 March 2008 and 1 April 2008	1,916	7,342	2,406	1,560	13,224
Additions	1,299	—	247	—	1,546
Disposal of subsidiaries	(1,452)	(7,318)	(446)	—	(9,216)
Disposals	(446)	(22)	(283)	(187)	(938)
Exchange adjustments	—	(2)	—	—	(2)
At 31 March 2009	1,317	—	1,924	1,373	4,614
Accumulated depreciation and impairment losses					
At 1 April 2007	445	6,210	584	429	7,668
Charge for the year	579	1,516	628	316	3,039
Disposal of subsidiaries	—	(4,459)	—	(375)	(4,834)
Written back on disposals	(1)	—	(14)	(120)	(135)
Exchange adjustments	—	4	—	—	4
At 31 March 2008 and 1 April 2008	1,023	3,271	1,198	250	5,742
Charge for the year	414	771	584	359	2,128
Impairments loss (Note)	—	2,100	—	—	2,100
Disposal of subsidiaries	(789)	(6,118)	(189)	—	(7,096)
Written back on disposals	(425)	(20)	(160)	(123)	(728)
Exchange adjustments	—	(4)	—	—	(4)
At 31 March 2009	223	—	1,433	486	2,142
Net book value					
At 31 March 2009	1,094	—	491	887	2,472
At 31 March 2008	893	4,071	1,208	1,310	7,482

Note: During the year, the Group recognised an impairment loss of HK\$2,100,000 from discontinued operation of manufacturing and trading of automotive components segment, which was made based on the excess of carrying amount over the recoverable amount of each individual fixed assets (Note 17(a)).



Notes to the Financial Statements

19. GOODWILL

Group

	HK\$'000
Cost	
At 1 April 2007	3,990
Increase in shareholdings of subsidiaries (Note 29(a))	1,631
At 31 March 2008 and 1 April 2008	5,621
Released upon disposal of subsidiaries	(3,973)
At 31 March 2009	1,648
Impairment	
At 1 April 2007	—
Impairment loss for the year	5,621
At 31 March 2008 and 1 April 2008	5,621
Released upon disposal of subsidiaries	(3,973)
At 31 March 2009	1,648
Carrying amount	
At 31 March 2009	—
At 31 March 2008	—

Goodwill, attributable to the expected future profitability of each of the two business segments of manufacturing and trading of automotive components and securities brokerage, is allocated to the Group's cash-generating units ("CGUs") identified according to these business segments.

A segment-level summary of the goodwill allocation is presented below:

	2009 HK\$'000	2008 HK\$'000
Manufacturing and trading of automotive components	—	3,973
Securities brokerage	1,648	1,648
Less: Provision for impairment losses	(1,648)	(5,621)
	—	—

The recoverable amount of the CGUs was determined based on the value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below.



Notes to the Financial Statements

19. GOODWILL (Continued)

Details of key assumptions are as follows:

	Manufacturing and trading of automotive components 2008	Securities brokerage 2008
Discount rate	19%	17%
Growth rate	3%-15%	3%-15%

Management determined the budgeted growth rate are consistent with those forecasts in the respective industries. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

During the year ended 31 March 2008, the recoverable value of goodwill allocated to the manufacturing and trading of automotive components as well as the provision of securities brokerage businesses was fully written down, after taking into account of the loss making situations of these businesses.

20. INTEREST IN A JOINTLY CONTROLLED ENTITY

Group

	2009 HK\$'000	2008 HK\$'000
Share of net assets in a jointly controlled entity	17,341	—

Particulars of the jointly controlled entity as at 31 March 2009 is as set out below:

Name	Place of incorporation and operation	Form of business structure	Equity attributable to the Group	Principal activities	Particulars of paid up registered capital
密之雲 (北京) 呼叫 產業基地有限公司 (Miyun (Beijing) Communication Company Limited)	The People's Republic of China	Sino-foreign equity joint venture company	39%	Development of call centre park and the related infrastructure and facilities; property management; investment and information consulting, etc	RMB50,000,000



Notes to the Financial Statements

20. INTEREST IN A JOINTLY CONTROLLED ENTITY *(Continued)*

The summarised financial information of the Group's interest in the jointly controlled entity is as follows:

	2009 HK\$'000
Share of the jointly controlled entity's assets and liabilities as at 31 March 2009:	
Non-current assets	8,912
Current assets	97,369
Current liabilities	(18,084)
Non-current liabilities	(70,856)
Net assets	17,341
Share of the jointly controlled entity's results for the period from 2 April 2008 (date of incorporation) to 31 March 2009:	
Turnover	—
Other income	162
Total expenses	(4,957)
Loss after tax	(4,795)
Share of the jointly controlled entity's capital commitments	30,841

21. INTERESTS IN SUBSIDIARIES

Company

	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost	11	11
Amounts due from subsidiaries <i>(Note b)</i>	101,370	129,087
	101,381	129,098
Less: Allowance for impairment losses <i>(Note a)</i>	(68,095)	(85,957)
	33,286	43,141
Less: Amount classified as amount due from a subsidiary under current portion	—	(25,700)
Non-current portion	33,286	17,441



Notes to the Financial Statements

21. INTERESTS IN SUBSIDIARIES (Continued)

Notes:

- (a) Movements in the allowance for impairment losses are as follows:

	2009 HK\$'000	2008 HK\$'000
Balance at beginning of the year	85,957	160,702
Add: Impairment losses during the year	17,885	45,424
Less: Released upon disposals and deregistration	(35,747)	(120,169)
	68,095	85,957

Impairment losses were recognised during the year after taking into consideration of the financial position and loss making situations of those subsidiaries.

- (b) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for an amount due from a subsidiary under current portion of HK\$25,700,000 as at 31 March 2008 which bore interest at prevailing Hong Kong Best Lending Rate. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.
- (c) Particulars of the subsidiaries as at 31 March 2009 are as follows:

Name	Place of incorporation and operation	Nominal value of issued and fully paid/ registered capital	Percentage of equity interest held by the Company		Principal activities
			Directly	Indirectly	
Basland Enterprises Ltd.	British Virgin Islands	100 ordinary shares of US\$1 each	100%	—	Investment holding
Carico Holdings Limited	Hong Kong	1 ordinary share of HK\$1	—	100%	Inactive
Carico (Hong Kong) Limited	Hong Kong	1 ordinary share of HK\$1	—	100%	Inactive
Carico Strategic Investment Ltd	British Virgin Islands	1 ordinary share of US\$1	100%	—	Investment holding
China Automotive Resources Limited	Hong Kong	1 ordinary share of HK\$1	100%	—	Securities investment
Common Well International Limited	Hong Kong	1 ordinary share of HK\$1	—	100%	General trading
Full Investment Limited	Hong Kong	300 ordinary shares of HK\$1 each	—	100%	Inactive
Fullbelief International Limited	British Virgin Islands	1 ordinary share of US\$1	—	100%	Investment holding



Notes to the Financial Statements

21. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operation	Nominal value of issued and fully paid/ registered capital	Percentage of equity interest held by the Company		Principal activities
			Directly	Indirectly	
Glory Era Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	—	Cost centre
Infast Brokerage Limited	Hong Kong	25,000,000 ordinary shares of HK\$1 each	—	100%	Provision of securities brokerage services
Lucky Metro Trading Ltd.	British Virgin Islands	100 ordinary shares of US\$1 each	—	100%	Investment holding
Panda Max Limited	Hong Kong	1 ordinary share of HK\$1	—	100%	Investment holding
Sky Era Limited	Hong Kong	1 ordinary share of HK\$1	—	100%	Under deregistration

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	2009 HK\$'000	2008 HK\$'000
Unlisted investments in securities		
At cost	—	17,880
Less: Impairment losses		
At beginning of year	—	(1,962)
Impairment losses during the year	—	(15,918)
At end of year	—	(17,880)
	—	—

During the year ended 31 March 2008, the Group through its wholly owned subsidiary had equity interests of 8.5% and 19% in unlisted investments that engaged in the provision of international model agency services and the provision of media sales and marketing services. The unlisted investments in securities were carried at cost less accumulated impairment losses as they did not have a quoted price in an active market and their fair value cannot be reliably measured. The Group reviewed the carrying amount of these investments with reference to their business performances and future prospects, and determined to fully impair the unlisted investments during the year ended 31 March 2008. The Group disposed the subsidiary during the current year.



Notes to the Financial Statements

23. INVENTORIES

Group

	2009 HK\$'000	2008 HK\$'000
Raw materials	—	9,397
Work in progress	—	2,954
Finished goods	—	7,214
	—	19,565

With reference to the aging analysis and the current market conditions, the Group had written down the inventories of HK\$10,007,000 from discontinued operations of manufacturing and trading of automotive components segment during the year (2008: Write-down of inventories from continuing and discontinued operations of HK\$2,857,000 and HK\$2,396,000 respectively).

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade receivables	4,306	6,002	—	—
Deposits and prepayments	1,083	6,756	169	5,477
Other receivables	1,208	1,025	22	394
	6,597	13,783	191	5,871

(a) An aged analysis of trade receivables is as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within 1 month (<i>Note</i>)	4,306	5,974
Between 2 to 3 months	—	28
	4,306	6,002

Note: It included an amount of HK\$4,306,000 (2008: HK\$3,384,000) attributable to securities brokerage business with settlement terms of two trading days after the trade date.

Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period is allowed according to the relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Except for the receivables from securities brokerage business which bear interest at the prevailing Hong Kong Best Lending Rate plus 5% per annum, the remaining balances of trade receivables are non-interest bearing. The carrying amounts of receivables approximate to their fair values.



Notes to the Financial Statements

24. TRADE AND OTHER RECEIVABLES (Continued)

(b) Ageing of trade receivables which are past due but not impaired:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within 1 month	—	70
Between 2 to 3 months	—	28
	—	98

As at 31 March 2008, receivables that were past due but not impaired related to a number of independent customers that have a good track record. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

25. CASH AND BANK BALANCES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cash at bank and in hand	9,161	14,479	1,200	167
Short-term bank deposits	39,489	64,599	35,487	63,948
Cash and cash equivalents in the consolidated cash flow statement	48,650	79,078	36,687	64,115

One of the subsidiaries maintains trust bank accounts with an authorised institution in the normal course of securities brokerage business. As at 31 March 2009, trust bank balances not dealt with in these financial statements amounted to HK\$3,453,000 (2008: HK\$1,283,000).

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade payables	3,711	4,173	—	—
Other payables and accruals	1,256	2,109	389	787
	4,967	6,282	389	787



Notes to the Financial Statements

26. TRADE AND OTHER PAYABLES (Continued)

An aged analysis of trade payables is as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within 3 months (Note)	3,711	4,173

Note: It included an amount of HK\$3,711,000 (2008: HK\$2,670,000) attributable to securities brokerage business with settlement terms of two trading days after the trade date.

Except for the client payables in respect of the securities brokerage business which bear interest at rates approximate to prevailing market saving rates, the remaining balances of trade payables are non-interest bearing.

27. SHARE CAPITAL

	2009		2008	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Authorised:				
At beginning of the year and at end of the year				
Ordinary shares of HK\$0.01 each	50,000,000	500,000	50,000,000	500,000
Issued and fully paid:				
At beginning of the year				
Ordinary shares of HK\$0.01 each	1,830,421	18,304	1,713,875	17,139
Exercise of share options (Note)	—	—	116,546	1,165
At end of the year				
Ordinary shares of HK\$0.01 each	1,830,421	18,304	1,830,421	18,304

Note:

During the year ended 31 March 2008, options to subscribe for 116,546,052 ordinary shares were exercised. The consideration received was HK\$23,575,479 of which HK\$1,165,460 was credited to share capital account and the balance of HK\$22,410,019 was credited to the share premium account. The amount of HK\$8,398,000 was transferred from share option reserve account to share premium account upon exercise of share options. All the new ordinary shares issued during the year ended 31 March 2008 ranked pari passu in all respects with the then existing ordinary shares of the Company.



Notes to the Financial Statements

28. RESERVES

Group

	Share premium HK\$'000	Exchange reserve HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Enterprises development reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2007	165,353	254	15,506	1,868	803	8,582	(63,611)	128,755
Proceeds from shares issued upon exercise of share options	22,410	—	—	—	—	—	—	22,410
Exercise of share options	8,398	—	—	—	—	(8,398)	—	—
Equity settled share-based payments	—	—	—	—	—	6,046	—	6,046
Share options lapsed	—	—	—	—	—	(9)	9	—
Cancellation of share options	—	—	—	—	—	(74)	74	—
Disposal of subsidiaries	—	(235)	—	—	(803)	—	—	(1,038)
Exchange difference on translation of the financial statements of foreign subsidiaries	—	63	—	—	—	—	—	63
Loss for the year	—	—	—	—	—	—	(61,226)	(61,226)
At 31 March 2008 and 1 April 2008	196,161	82	15,506	1,868	—	6,147	(124,754)	95,010
Equity settled share-based payments	—	—	—	—	—	29,091	—	29,091
Share options lapsed	—	—	—	—	—	(116)	116	—
Exchange difference on translation of the financial statements of foreign subsidiaries	—	3	—	—	—	—	—	3
Share of exchange reserve of a jointly controlled entity	—	130	—	—	—	—	—	130
Deregistration of a subsidiary	—	(54)	—	—	—	—	—	(54)
Disposal of subsidiaries	—	(31)	—	—	—	—	—	(31)
Loss for the year	—	—	—	—	—	—	(72,155)	(72,155)
At 31 March 2009	196,161	130	15,506	1,868	—	35,122	(196,793)	51,994



Notes to the Financial Statements

28. RESERVES (Continued)

Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2007	165,353	15,506	1,868	8,582	(95,585)	95,724
Proceeds from shares issued upon exercise of share options	22,410	—	—	—	—	22,410
Exercise of share options	8,398	—	—	(8,398)	—	—
Equity settled share-based payments	—	—	—	6,046	—	6,046
Share options lapsed	—	—	—	(9)	9	—
Cancellation of share options	—	—	—	(74)	74	—
Loss for the year	—	—	—	—	(30,144)	(30,144)
At 31 March 2008 and 1 April 2008	196,161	15,506	1,868	6,147	(125,646)	94,036
Equity settled share-based payments	—	—	—	29,091	—	29,091
Share options lapsed	—	—	—	(116)	116	—
Loss for the year	—	—	—	—	(71,656)	(71,656)
At 31 March 2009	196,161	15,506	1,868	35,122	(197,186)	51,471



Notes to the Financial Statements

28. RESERVES (Continued)

Notes:

(a) Share premium

The application of share premium account is governed by the relevant provisions set out in the Company's Bye-laws and the Companies Act 1981 of Bermuda (as amended).

(b) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(c) Contributed surplus

The contributed surplus of the Group represents the surplus arising from capital reductions pursuant to the Group's reorganisation in 2004 and 2005. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if the Company is, or would after the payment be, unable to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(d) Capital redemption reserve

In prior years, the Company repurchased own shares. The capital redemption reserve represents the amount equivalent to the nominal value of the shares cancelled from repurchases of own shares transferred from retained profits.

(e) Enterprises development reserve

The enterprises development reserve was related to a subsidiary in compliance with the relevant rules stipulated by the PRC laws. Such reserve was released upon disposal of the subsidiary during the year ended 31 March 2008.

(f) Share option reserve

The share option reserve comprises the fair value of unexercised share options granted by the Company.

(g) The Company had no reserves available for distribution as at 31 March 2009 (2008: Nil).



Notes to the Financial Statements

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Increase in shareholdings of subsidiaries

On 15 August 2007, the Group acquired 2,500,000 shares of Unicla from a minority shareholder at the consideration of HK\$2,500,000 which increased the Group's equity interest therein from 62.1% to 70.16% at a goodwill of approximately HK\$1,631,000. The goodwill was attributable to the anticipated business growth of Unicla.

(b) Disposal of subsidiaries

	2009 HK\$'000	2008 HK\$'000
Net assets disposed of:		
Fixed assets	2,120	694
Trade and other receivables	2,514	1,790
Cash and bank balances	239	115
Trade and other payables	(2,039)	(246)
Inventories	4,369	—
Loans from a minority shareholder	(860)	—
Release of exchange reserve	(31)	(235)
Release of enterprises development reserve	—	(803)
	6,312	1,315
Gain on disposal of subsidiaries (<i>Note 9</i>)	—	98
Loss on disposal of subsidiaries (<i>Note 17</i>)	—	(630)
	6,312	783
Satisfied by:		
Cash consideration	7,000	783
Less: Legal costs	(688)	—
	6,312	783
Net cash inflow arising on disposal:		
Net cash consideration received	6,312	783
Cash and cash equivalents disposed of	(239)	(115)
Net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries	6,073	668



Notes to the Financial Statements

30. SHARE OPTION SCHEME

The Company adopted a share option scheme (as amended by an addendum effective on 7 December 2005) (the “Scheme”) which was in compliance with the requirements set out in the Listing Rules at the special general meeting held on 30 March 2004 (the “Adoption Date”).

A summary of the principal terms of the Scheme is set out below:

Purpose

The purpose of the Scheme is to enable the Group to grant options to the selected participants as incentives or rewards for their contribution to the Group.

Participants

The Directors may at their absolute discretion, invite any person belonging to any of the following classes of participants (the “Eligible Participants”) to take up options to subscribe for shares of the Company:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of, or any individual for the time being seconded to work for, the Company, or any of its subsidiaries, or any entity (the “Invested Entity”) in which any member of the Group holds an equity interest (the persons are collectively referred to as “Eligible Employees”);
- (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity who has contributed or may contribute to the Group;
- (g) any adviser (professional or otherwise) or consultant to the Group relating to business development of the Group or any member of the Group or any Invested Entity; and
- (h) any joint venture or business partner of the Group who has contributed or may contribute to the development and growth of the Group,

and, for the purposes of the Scheme, an offer for the grant of an option may be made to any company wholly-owned by one or more Eligible Participants.



Notes to the Financial Statements

30. SHARE OPTION SCHEME (Continued)

Total number of shares available for issue

The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and not yet exercised under the Scheme and any other share option schemes adopted by the Group shall not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the Adoption Date.

As at the date of this annual report, the total number of shares available for issue under all outstanding options (vested but not yet exercised) pursuant to the Scheme was 302,007,120, which represented approximately 16.5% of the issued share capital of the Company on that date.

Maximum entitlement of each participant

An offer for the grant of an option to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of an option). Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the shares in issue; and
- (b) having an aggregate value, based on the closing price of the shares at the offer date of each offer for the grant of an option, in excess of HK\$5 million;

such further grant of options must be approved by the shareholders in general meeting.

Subject to the aforesaid, the total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his associates abstaining from voting.

Option period

The period within which the shares must be taken up under an option will be determined and notified by the Directors to the grantee thereof, but such period shall end in any event not later than 10 years from the date of offer of the option subject to the provisions for early termination thereof.

Minimum period for which an option must be held before it can be exercised

Unless otherwise determined by the Directors and stated in the offer for the grant of an option to a grantee, a grantee is not required to hold an option for any minimum period before the exercise of an option granted to him.



Notes to the Financial Statements

30. SHARE OPTION SCHEME (Continued)

Amount payable upon acceptance of option

A nominal consideration of HK\$1 is payable on acceptance of the offer of an option, which shall not be later than 21 days from the offer date.

Subscription price for shares

The subscription price for shares under the Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trades in one or more board lots of shares on the offer date; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for five business days immediately preceding the offer date; and (iii) the nominal value of a share.

Remaining life of the Scheme

The Scheme commenced on 30 March 2004 when it became unconditional and shall continue in force until the tenth anniversary of such date.

Details of the options and movements in such holdings during the year ended 31 March 2009 are as follows:

Category of participants	Date of grant	Number of options					Outstanding as at 31.3.2009	Exercise period	Exercise price per option HK\$
		Outstanding as at 1.4.2008	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year			
Directors									
Yip Chi Chiu	23.8.2007	16,400,000	—	—	—	—	16,400,000	23.8.2008 – 22.8.2017 (Note d)	0.23
Lo Wing Yat	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23
So George Siu Ming	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23
Leung Chung Tak Barry	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23
Wong Kwok Kuen	23.8.2007	3,600,000	—	—	—	—	3,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23
Chak Chi Man	23.8.2007	3,600,000	—	—	—	—	3,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23
Chan Yuk Tong	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 (Note d)	0.23
Fei Tai Hung	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 (Note d)	0.23
Tse Kam Fow	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 (Note d)	0.23
Ryoji Furukawa	7.5.2008	—	16,400,000 (Note b)	—	(16,400,000)	—	—	7.5.2009 – 6.5.2018 (Note d)	0.156



Notes to the Financial Statements

30. SHARE OPTION SCHEME (Continued)

Category of participants	Date of grant	Number of options					Outstanding as at 31.3.2009	Exercise period	Exercise price per option HK\$
		Outstanding as at 1.4.2008	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year			
Employees with options granted in excess of individual limit									
Li Bing Ru	21.5.2008	—	91,521,060 <i>(Note c)</i>	—	—	—	91,521,060	18.10.2008 – 17.4.2018 <i>(Note e)</i>	0.129
Liu Li Jun	21.5.2008	—	91,521,060 <i>(Note c)</i>	—	—	—	91,521,060	18.10.2008 – 17.4.2018 <i>(Note e)</i>	0.129
Employees	20.10.2006	100,000	—	—	—	—	100,000	20.10.2006 – 19.10.2016 <i>(Note f)</i>	0.242
	23.8.2007	8,580,000	—	—	(1,360,000)	—	7,220,000	23.8.2008 – 22.8.2017 <i>(Note d)</i>	0.23
	15.11.2007	5,400,000	—	—	(5,400,000)	—	—	15.11.2008 – 14.11.2017 <i>(Note g)</i>	0.206
	7.5.2008	—	36,600,000 <i>(Note b)</i>	—	—	—	36,600,000	7.11.2008 – 6.5.2018 <i>(Note h)</i>	0.156
	7.5.2008	—	1,000,000 <i>(Note b)</i>	—	—	—	1,000,000	7.5.2009 – 6.5.2018 <i>(Note d)</i>	0.156
Others	20.10.2006	1,000,000	—	—	(1,000,000)	—	—	20.10.2006 – 4.4.2008 <i>(Note f)</i>	0.242
	23.8.2007	29,000,000	—	—	—	—	29,000,000	23.8.2008 – 22.8.2017 <i>(Note d)</i>	0.23
		116,880,000	237,042,120	—	(24,160,000)	—	329,762,120		
Weighted average exercise price (HK\$)		0.229	0.135	—	0.175	—	0.166		
Exercisable as at 31 March 2009								81,765,000	0.23
								183,042,120	0.129
								100,000	0.242
								36,600,000	0.156



Notes to the Financial Statements

30. SHARE OPTION SCHEME (Continued)

Details of the options and movements in such holdings during the year ended 31 March 2008 are as follows:

Category of participants	Date of grant	Number of options						Outstanding as at 31.3.2008	Exercise period	Exercise price per option HK\$	Weighted average closing price of the shares immediately before the dates on which the options were exercised HK\$
		Outstanding as at 1.4.2007	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Re-classified during the year				
Directors											
Yip Chi Chiu	23.8.2007	—	16,400,000 (Note 1)	—	—	—	16,400,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	
Lo Wing Yat	23.8.2007	—	14,600,000 (Note 1)	—	—	—	14,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	
So George Siu Ming	23.8.2007	—	14,600,000 (Note 1)	—	—	—	14,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	
Leung Chung Tak Barry	23.8.2007	—	14,600,000 (Note 1)	—	—	—	14,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	
Wong Kwok Kuen	23.8.2007	—	3,600,000 (Note 1)	—	—	—	3,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	
Chak Chi Man	23.8.2007	—	3,600,000 (Note 1)	—	—	—	3,600,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	
Chan Yuk Tong	23.8.2007	—	1,800,000 (Note 1)	—	—	—	1,800,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	
Fei Tai Hung	23.8.2007	—	1,800,000 (Note 1)	—	—	—	1,800,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	
Tse Kam Fow	23.8.2007	—	1,800,000 (Note 1)	—	—	—	1,800,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—	



Notes to the Financial Statements

30. SHARE OPTION SCHEME (Continued)

Category of participants	Date of grant	Number of options						Outstanding as at 31.3.2008	Exercise period	Exercise price per option HK\$	Weighted average closing price of the shares immediately before the dates on which the options were exercised HK\$
		Outstanding as at 1.4.2007	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Re-classified during the year				
Employees	21.12.2005	491,513	—	(491,513)	—	—	—	21.12.2005 – 20.12.2015 (Note f)	0.11486	0.7	
	20.10.2006	60,280,000	—	(58,280,000)	(100,000)	(800,000)	(1,000,000) (Note n)	100,000	20.10.2006 – 19.10.2016 (Note f)	0.242	0.652
	23.8.2007	—	8,680,000 (Note l)	—	(100,000)	—	—	8,580,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—
	15.11.2007	—	5,400,000 (Note m)	—	—	—	—	5,400,000	15.11.2008 – 14.11.2017 (Note g)	0.206	—
Suppliers	21.12.2005	23,959,410	—	(23,959,410)	—	—	—	21.12.2005 – 20.12.2015 (Note f)	0.11486	0.7	
	20.10.2006	7,360,000	—	(7,360,000)	—	—	—	—	20.10.2006 – 19.10.2016 (Note f)	0.242	0.7
Others	21.12.2005	11,955,129	—	(11,955,129)	—	—	—	21.12.2005 – 20.12.2015 (Note f)	0.11486	0.7	
	20.10.2006	14,500,000	—	(14,500,000)	—	—	—	—	20.10.2006 – 19.10.2016 (Note f)	0.242	0.7
	20.10.2006	—	—	—	—	—	1,000,000 (Note n)	1,000,000	20.10.2006 – 4.4.2008 (Note f)	0.242	—
	23.8.2007	—	29,200,000 (Note l)	—	—	(200,000)	—	29,000,000	23.8.2008 – 22.8.2017 (Note d)	0.23	—
		118,546,052	116,080,000	(116,546,052)	(200,000)	(1,000,000)	—	116,880,000			
Weighted average exercise price (HK\$)		0.203	0.229	0.202	0.236	0.240	—	0.229			
Exercisable as at 31 March 2008								1,100,000	0.242		



Notes to the Financial Statements

30. SHARE OPTION SCHEME (Continued)

Notes:

- (a) Number of options refers to the number of underlying shares of the Company covered by the options under the Scheme.
- (b) Options to subscribe for 54,000,000 shares of the Company were granted on 7 May 2008. The Company received an aggregate consideration of HK\$4 for the grant of these options. The closing price of the shares of the Company on the trading day immediately before the date on which these options were granted was HK\$0.157.
- (c) Options to subscribe for 183,042,120 shares of the Company were granted on 21 May 2008. The Company received an aggregate consideration of HK\$2 for the grant of these options. The closing price of the shares of the Company on the trading day immediately before the date on which these options were granted was HK\$0.178.
- (d) Options granted were subject to a vesting period of two years with 50%, 25% and 25% of the options becoming exercisable 12 months, 18 months and 24 months after the date of grant respectively.
- (e) Options granted were subject to a vesting period and were exercisable six months after acceptance of the offer of the grant.
- (f) Options granted were not subject to a vesting period and were exercisable from the date of grant.
- (g) Options granted were subject to a vesting period of three years with one-third of the options becoming exercisable on each of the first, second and third anniversaries of the date of grant.
- (h) Options granted were subject to a vesting period and were exercisable six months after the date of grant.
- (i) The weighted average fair values of the options granted during the years ended 31 March 2009 and 31 March 2008, calculated using the Binomial Option-Pricing Model and the inputs into such model were as follows:

	Options granted on 7 May 2008 with vesting period of two years	Options granted on 7 May 2008 with vesting period of six months	Options granted on 21 May 2008 with vesting period of six months
Weighted average fair value	HK\$0.0948	HK\$0.0877	HK\$0.1104
Share price on grant date	HK\$0.156	HK\$0.156	HK\$0.187
Exercise price	HK\$0.156	HK\$0.156	HK\$0.129
Expected volatility	65.51%	65.51%	65.37%
Option life	10 years	10 years	10 years
Risk-free interest rate	2.802%	2.802%	2.809%
Expected dividend yield	0%	0%	0%

	Options granted on 15 November 2007	Options granted on 23 August 2007	Options granted on 20 October 2006
Weighted average fair value	HK\$0.1586	HK\$0.11285	HK\$0.0917
Share price on grant date	HK\$0.206	HK\$0.23	HK\$0.241
Exercise price	HK\$0.206	HK\$0.23	HK\$0.242
Expected volatility	71.40%	71.68%	78.28%
Option life	10 years	10 years	10 years
Risk-free interest rate	3.639%	4.48%	4.002%
Expected dividend yield	0%	0%	0%

Expected volatility was determined by using the annualised standard deviations of the continuously compounded rates of return on the share prices of the Company and three other comparable companies. The result of the Binomial Option-Pricing Model can be materially affected by changes in these variables and assumptions. Therefore, an option's actual value may differ from the estimated fair values of the options due to limitations of the Binomial Option-Pricing Model.



Notes to the Financial Statements

30. SHARE OPTION SCHEME (Continued)

Notes: (Continued)

- (j) The Group recognised total expenses of HK\$29,091,000 for the year ended 31 March 2009 (2008: HK\$6,046,000) in relation to the options granted by the Company.
- (k) The options outstanding as at 31 March 2009 had a weighted average remaining contractual life of 8.8 years (2008: 9.3 years).
- (l) Options to subscribe for 110,680,000 shares of the Company were granted on 23 August 2007. The Company received an aggregate consideration of HK\$28 for the grant of these options. The closing price of the shares of the Company on the trading day immediately before the date on which these options were granted was HK\$0.207.
- (m) Options to subscribe for 5,400,000 shares of the Company were granted on 15 November 2007. The Company received a consideration of HK\$1 for the grant of these options. The closing price of the shares of the Company on the trading day immediately before the date on which these options were granted was HK\$0.202.
- (n) An employee resigned on 6 October 2007 and her outstanding options remained exercisable until 4 April 2008 as approved by board of directors of the Company. Her options were re-classified from the category of "Employees" to the category of "Others" during the year ended 31 March 2008.
- (o) The weighted average closing price of the shares at the dates on which the options were exercised was the same as the weighted average closing price of the shares immediately before the dates on which the options were exercised as disclosed in the above table.

31. COMMITMENTS

(a) Capital commitments

	Group	
	2009 HK\$'000	2008 HK\$'000
Capital commitments contracted but not provided for in respect of contribution to a joint controlled entity in PRC	—	21,645

The Company had no material capital commitments at both balance sheet dates.

(b) Commitments under operating leases

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rental premises which fall due:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within one year	1,874	1,103
In the second to fifth years	286	86
	2,160	1,189

Leases are negotiated for terms of two years with a fixed monthly rental over the terms of the leases. None of the leases include contingent rentals.

The Company had no significant future lease payments at both balance sheet dates.



Notes to the Financial Statements

32. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) *Transactions with related and connected parties*

- (i) On 25 September 2008, Lucky Metro Trading Ltd. (“Lucky Metro”), a wholly owned subsidiary of the Group, entered into a sale and purchase agreement with Costar Universal Limited, which is wholly owned by a daughter of Mr. Yee Pui Jic (“Mr. Yee”), pursuant to which Lucky Metro agreed to dispose of its 70.16% equity interest in Unicla and a shareholder’s loan due from Unicla of HK\$19,616,369 for a total consideration of HK\$7,000,000 (*Note 17*). Mr. Yee is a director of Unicla. Further details are set out in the Company’s circular dated 30 October 2008.
- (ii) During the year ended 31 March 2008, the Group sold the automotive compressors of HK\$3,960,000 under an authorised distribution agreement to a related party, International Auto Engineering Limited (“IAEL”) whose major shareholder was Mr. Yee, a director of Unicla. IAEL was also a shareholder of Unicla.

In the opinion of the directors of the Company, the above transactions were carried out in the ordinary and usual course of business and at terms mutually agreed with the respective related parties.

(b) *Key management personnel compensation*

Emoluments of key management personnel are disclosed in Note 16 to the financial statements.

33. EVENTS AFTER THE BALANCE SHEET DATE

On 8 May 2009, the Company granted 122,020,000 share options (the “Options”) at the exercise price of HK\$0.061 to its grantees. The Options granted are subject to a validity period of ten years from 8 May 2009 to 7 May 2019 with a vesting period of two years with 50%, 25% and 25% of the Options becoming exercisable 12 months, 18 months and 24 months after the date of grant respectively.

34. COMPARATIVE FIGURES

As explained in Note 17, the Group disposed of its operations engaged in the manufacturing and trading of automotive components business during the year. The accounting treatment and presentation of certain items in the financial statements of last financial year have been restated and reclassified to comply with the relevant requirements. The reclassification and restatements had no impact on the Group’s results for the year ended 31 March 2008.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 9 July 2009.