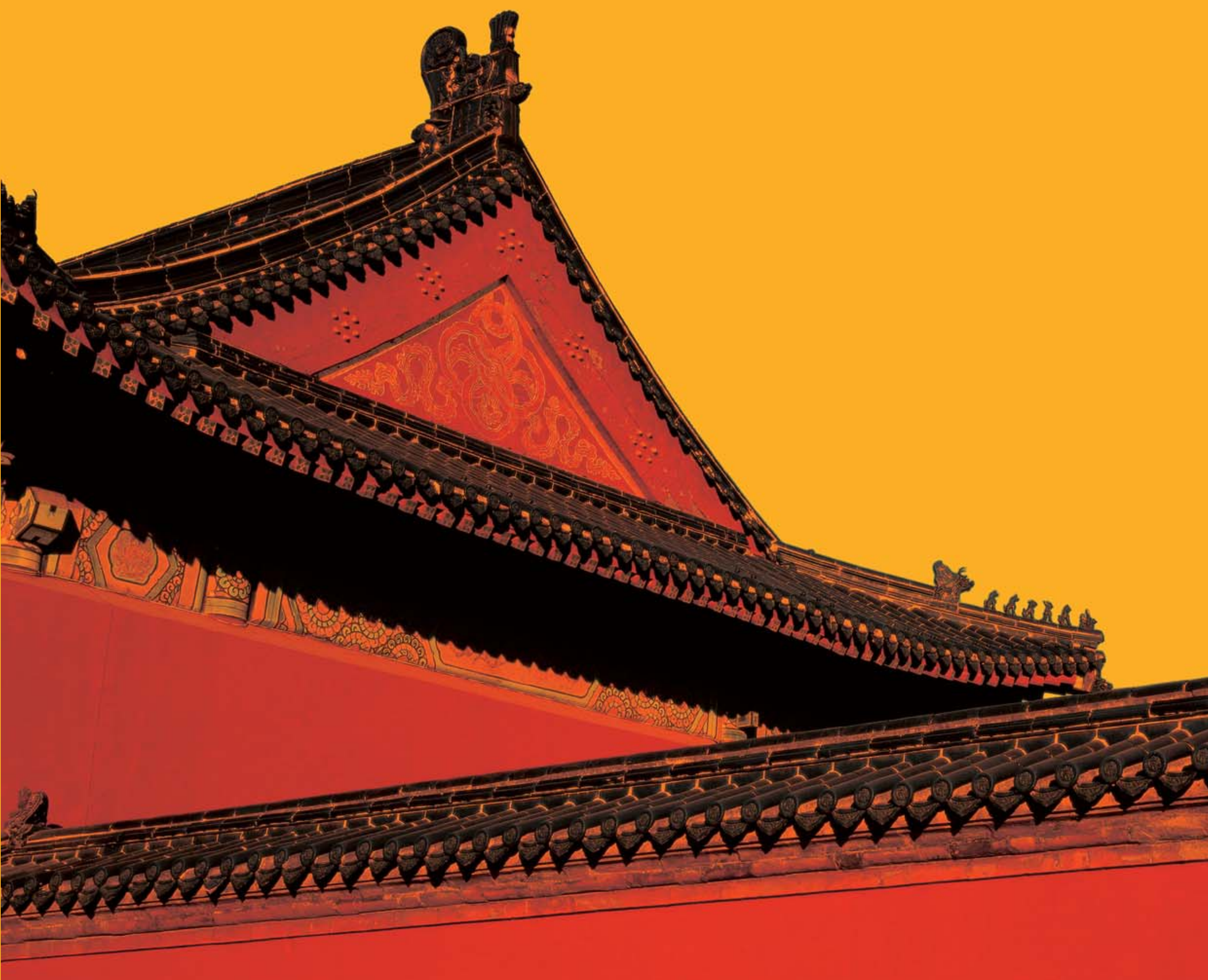
JIA SHENG Holdings Limited

嘉盛控股有限公司

Incorporated in Bermuda with limited liability
Stock Code: 729

2007/08 Annual Report



Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Ryoji Furukawa[#] *(Chairman)*
Mr. Yip Chi Chiu[**] *(Deputy Chairman and Chief Executive Officer)*
Mr. Lo Wing Yat[**]
Mr. Leung Chung Tak Barry[**] *(Chief Operating Officer and Chief Project Officer)*
Mr. So George Siu Ming[**] *(Chief Financial Officer)*
Mr. Chak Chi Man[#]
Mr. Ryuichi Tanabe[#]
Mr. Takehiko Wakayama[#]
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. Leung Chung Tak Barry
Mr. So George Siu Ming

COMPANY SECRETARY

Mr. Tung Tat Chiu Michael

QUALIFIED ACCOUNTANT

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 Fund Services (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 published results and of the assets, liabilities and minority interests of Jia Sheng Holdings Limited and its subsidiaries for the five financial years ended 31 March 2008, as extracted from the audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Loss attributable to equity holders of the Company	**(61,226)**	(32,544)	(77,136)	(37,157)	(18,439)
Total assets	**120,138**	161,430	79,933	90,950	78,095
Total liabilities	**(6,298)**	(10,890)	(5,052)	(26,486)	(12,359)
Net assets	**113,840**	150,540	74,881	64,464	65,736
Minority interests	**(526)**	(4,646)	(9,986)	(1,361)	(1,361)
	113,314	145,894	64,895	63,103	64,375

Chairman's Statement

On behalf of the board of directors (the "Board"), I hereby present to the shareholders the annual results of Jia Sheng Holdings Limited (the "Company") (formerly known as "Carico Holdings Limited") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2008.

The audited consolidated turnover of the Group for the year ended 31 March 2008 was approximately HK$117.5 million, as compared to that of approximately HK$126.2 million of last financial year. The Group achieved an improvement in gross profit which amounted to approximately HK$6.0 million for the year, as compared to that of approximately HK$0.6 million in last financial year. However, the Group widened its net loss attributable to equity shareholders to approximately HK$61.2 million from approximately HK$32.5 million of last financial year. The increase in net loss was primarily attributable to the increases in (i) impairment on available-for-sale financial assets; (ii) impairment on goodwill and write-down of inventories; and (iii) administrative expenses, while the impairment and write-down are not recurrent in nature.

During the year, the Group's businesses in automotive components and securities brokerage recorded increases in turnover (increased by 80.2% and 161.2% respectively) and their financial results also showed improvements, while the Group's business in securities investment decreased approximately 15.3% in turnover but remained profitable. During the year, the Group disposed of its businesses in logistic services and trading in electronic components. The Board considered that both of them were margin-squeezing businesses. They had been facing fierce market competition and had yet to generate profit to the Group, disposals of such under-performing assets were in line with the business strategy of the Group.

On 18 January 2008, the Group signed a joint venture agreement with 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 form a Sino-foreign joint venture enterprise named "密之雲(北京)呼叫產業基地有限公司" (Miyun (Beijing) Communication Company Limited) ("JV Company"). Miyun Corporation is a state-owned enterprise administered by the government of Miyun County in Beijing and Beijing Huajia has earned its reputation as one of the leading business consultancy firms in the PRC. The Board is of the view that formation of the JV Company represents an excellent opportunity for the Group to partner with them 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 JV Company has obtained the business license on 2 April 2008.

It has been the Group's objective to establish a solid platform to invest in businesses that could bring in value to the Group and its shareholders. In view of the recent development in the global market such as interest rate trend and oil price surge, the business landscape has become even more challenging. With a view to strengthening the overall financial performance of the Group, the management will continue to improve and review the Group's existing businesses from time to time. At the same time, the Group will continue to proactively seek potential investment opportunities that can enhance the value to the shareholders.

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 the secondary name of the Company was approved by the shareholders at the Special General Meeting held on 20 May 2008. The change of name marks a new era for the Group and in particular reflects the business strategy and intention of the Group to diversity and to include new business opportunities. It has been the Group's objective to establish a solid platform to invest in businesses that could bring in value to the Group and its shareholders.

Finally, I would like to take this opportunity to thank all the shareholders, business partners, suppliers and customers for their continued support. In addition, I would also like to express my sincere gratitude to my fellow directors, management and staff for their contributions and dedication to the Group.

Ryoji Furukawa
Chairman
Hong Kong, 27 June 2008

Management Discussion and Analysis

BUSINESS REVIEW

During the year under review, the Group recorded a turnover from continuing operations of approximately HK$117.5 million, representing a decrease of approximately 6.8% from that of last financial year and the Group recorded a growth in gross profit which amounted to approximately HK$6.0 million, representing an increase of approximately HK$5.4 million comparing with last financial year. However, the Group widened its net loss attributable to equity holders to approximately HK$61.2 million from approximately HK$32.5 million of last financial year. The increase in net loss was primarily attributable to the increases in (i) impairment on available-for-sale financial assets (increased to approximately HK$15.9 million from approximately HK$0.3 million of last financial year); (ii) impairment on goodwill (increased of approximately HK$5.6 million from nil of last financial year) and write-down of inventories (increased to approximately HK$5.3 million from that of HK$1.4 million in the last financial year); and (iii) administrative expenses (increased to approximately HK$46.4 million from that of HK$38.9 million in the last financial year), while the impairment and write-down are not recurrent in nature.

The Group's businesses in automotive components as well as securities brokerage recorded growth and their segment results also showed improvement. For the year ended 31 March 2008, the Group's business in manufacturing and trading of automotive components recorded turnover of approximately HK$18.9 million, representing an increase of approximately 80.2% from last financial year, and the segment loss was approximately HK$9.5 million, as compared to that of approximately HK$12.0 million in last financial year.

The Group's business in securities brokerage has benefited from the increased trading liquidity in the Hong Kong stock market in 2007. Turnover derived from the Group's securities brokerage business has recorded growth of 161.2% and amounted to approximately HK$3.3 million and the segment loss was approximately HK$2.1 million, as compared to approximately HK$2.4 million in last financial year.

As the market volatility has greatly increased since second half of 2007, the Group has taken a more prudent approach in its securities investment business. As such, turnover derived from the Group's securities investment business recorded a decrease by 15.3% to approximately HK$95.4 million, as compared to that of HK$112.7 million in the last financial year, and the segment profit was approximately HK$0.1 million, being almost the same as that of last financial year.

PROSPECTS AND FUTURE PLAN OF THE GROUP

In January 2008, the Group partnered with 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 form a Sino-foreign joint venture enterprise named "密之雲(北京)呼叫產業基地有限公司" (Miyun (Beijing) Communication Company Limited) ("JV Company"). The Board is of the view that formation of the JV Company represents an excellent opportunity for the Group to partner with them 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 growth through acquisition and development of projects with promising future. Looking forward, 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.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2008, the Group had non-current assets of approximately HK$7.7 million, which mainly comprised of property, plant and equipment, and current assets of approximately HK$112.4 million, which mainly comprised of inventories, trade and other receivables, and cash and bank balances. As of 31 March 2008, the Group had no borrowings and recorded net cash of approximately HK$79.1 million.

Management Discussion and Analysis

FOREIGN EXCHANGE EXPOSURE

The Group's transactions were mainly denominated in Hong Kong dollars, US dollars, Japanese Yen and Renminbi. Given that the exchange rate of Hong Kong dollars against US dollars has been and is likely to remain stable, the Board considers that the Group's risk on US dollars foreign exchange will remain minimal. The Group closely monitors the related exchange rates and, whenever appropriate, takes necessary action to reduce exchange risk.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2008, the Group did not pledge any kind of assets and had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2008, the Group had 22 employees in Hong Kong, 64 employees in the PRC and 2 employees in Japan. Total staff costs (including directors' emoluments) during the year amounted to approximately HK$24.8 million (2007: approximately HK$21.1 million). The remuneration policies are subject to review by the Board with reference to market conditions and individual performance of staff. The Group participates in Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit schemes in the PRC. It also provides provident fund scheme and labour insurance for employees in Japan. The Group has a share option scheme for the benefit of its directors and eligible employees of the Group.

CAPITAL COMMITMENT

As at 31 March 2008, the Group had capital commitments contracted for but not provided for in respect of proposed investment amounted to approximately HK$21.6 million.

Directors' Biographies

Mr. Ryoji Furukawa
Chairman & Non-executive Director
Mr. Furukawa, aged 54, is a non-executive director and Chairman of the Company. He is the founder of Asset Managers Holdings Co., Ltd., previously known as Asset Managers Co., Ltd. ("Asset Managers") and currently a director of Asset Managers International Co., Ltd., Asset Managers (Asia) Company Limited ("Asset Managers Asia") and CITIC International Assets Management Limited ("CIAM"), all being 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"). Mr. Furukawa graduated from the Faculty of Law of Keio University in Japan. He has over 31 years of experience in investment and merchant banking industry. He has extensive experience in large-scale merger and acquisition business, sale and purchase of hotels in Greater China, the United States and Europe and liquidation of department stores and other corporations. Mr. Furukawa held a number of senior positions and directorships in various renowned companies, including the Deputy General Manager, Merger and Acquisition Department of Merchant Banking Group of The Long-Term Credit Bank of Japan, Limited (now known as Shinsei Bank, Limited), director of Katokichi Co., Ltd. and director of Colliers Advice Co., Ltd. to provide solution for real estate business. Mr. Furukawa was appointed to the board of directors of the Company (the "Board") on 9 May 2006.

Mr. Yip Chi Chiu
Deputy Chairman, Executive Director & Chief Executive Officer
Mr. Yip, aged 49, is an executive director, Deputy Chairman and Chief Executive Officer of the Company, a member and Chairman of the Executive Committee and a member of the Remuneration Committee of the Company. He holds directorships in various subsidiaries of the Company. Mr. Yip is currently a director and Chief Executive Officer of Asset Managers Asia, which he owns 30% indirectly. He is also a director of Best Effort International Limited ("Best Effort"), CIAM and Bright Success Holdings Limited ("Bright Success"). Asset Managers Asia, Best Effort, CIAM and Bright Success are substantial shareholders of the Company within the meaning of Part XV of 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 formerly a director of Asia Pacific Wire & Cable Corporation Limited, the shares of which are quoted on the US Pink Sheets. He is currently an executive director of CIAM Group Limited (formerly known as E2-Capital (Holdings) Limited) (Stock Code: 378), a listed company in Hong Kong. Mr. Yip was appointed to the Board on 9 May 2006.

Mr. Lo Wing Yat
Executive Director
Mr. Lo, aged 49, is an executive director of the Company and a member of the Executive Committee of the Company. He is currently a director and the Chief Executive Officer of CIAM. Mr. Lo is also a director and a Managing Director of CITIC International Financial Holdings Limited ("CIFH") (Stock Code: 183), an executive director of CIAM Group Limited (formerly known as E2-Capital (Holdings) Limited) (Stock Code: 378), a non-executive director of China Fortune Holdings Limited (Stock Code: 110) and Longlife Group Holdings Limited (Stock Code: 8037), and was formerly a non-executive director of China Sciences Conservational Power Limited (Stock Code: 351), all being companies whose shares are listed on the Stock Exchange. Both CIAM and CIFH are the substantial shareholders of the Company within the meaning of Part XV of the SFO. He is also a 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. Leung Chung Tak Barry

Executive Director, Chief Operating Officer & Chief Project Officer

Mr. Leung, aged 45, is an executive director, Chief Operating Officer, Chief Project Officer and authorised representative of the Company and a member of the Executive Committee of the Company. He serves as director of various subsidiaries of the Company. Mr. Leung is currently an employee and the Managing Director – Real Estate of Asset Managers Asia and a director of Best Effort. Both Asset Managers Asia and Best Effort are substantial shareholders 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 headquarters of Asset Managers Asia and Asset Managers in Japan. 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 12 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 on 20 October 2006.

Mr. So George Siu Ming

Executive Director, Chief Financial Officer & Qualified Accountant

Mr. So, aged 50, is an executive director, Chief Financial Officer, Qualified Accountant, authorised representative and a member of the Executive Committee of the Company. He serves as director of various subsidiaries of the Company. He is also an employee and the Chief Financial Officer of Asset Managers Asia, a substantial shareholder of the Company within the meaning of Part XV of the SFO. 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, 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. Chak Chi Man

Non-executive Director

Mr. Chak, aged 42, is a non-executive director of the Company. He is currently an employee and the Investment Controller of CIAM, a substantial shareholder of the Company within the meaning of Part XV of the SFO, with focus on investment related function. Prior to joining CIAM, Mr. Chak was 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 21 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.

Mr. Ryuichi Tanabe

Non-executive Director

Mr. Tanabe, aged 54, is a non-executive director of the Company. He joined Asset Managers, a company whose shares are listed on the Nippon New Market, "Hercules" of Osaka Securities Exchange Co., Ltd. in 2003 and is currently the director, Representative Statutory Executive Officer of Asset Managers. He is mainly in charge of investment in overseas market. He is a director of Asset Managers, Asset Managers Asia and Best Effort, all being substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Tanabe graduated from Waseda University in Japan with a bachelor's degree. He has almost 31 years of experience in investment and finance. He started his merchant banking career at The Long-Term Credit Bank of Japan, Limited (now known as Shinsei Bank, Limited) in 1977. He is experienced in a variety of banking fields domestically and internationally for corporate finance and also principal investment, including posting in Australia for almost five years. Mr. Tanabe was appointed to the Board on 22 November 2006.

Directors' Biographies

Mr. Takehiko Wakayama
Non-executive Director
Mr. Wakayama, aged 41, is a non-executive Director of the Company. He is currently the President and Chief Executive Officer of Asset Investors Co., Ltd. ("Asset Investors"), a company listed on the Second Section of Osaka Securities Exchange Co., Ltd.. He is a non-executive director of Telewave, Inc., a company whose shares are listed on Jasdaq Securities Exchange, Inc.. Mr. Wakayama is a director of Asset Managers Asia and Best Effort, both being substantial shareholders of the Company within the meaning of Part XV of the SFO. He was a director of Asset Managers, a company whose shares are listed on the Nippon New Market, "Hercules" of Osaka Securities Exchange Co., Ltd. from May 2004 to May 2006. Mr. Wakayama graduated from the University of Tokyo in Japan with a bachelor's degree and obtained a Master of Business Administration degree from Stanford Graduate School of Business. He has over 19 of years experience in investment and finance. He started his merchant banking career at The Long-Term Credit Bank of Japan, Limited (now known as Shinsei Bank, Limited) in 1989. He had been the Vice President in Corporate Sales of Merrill Lynch Japan and a co-founder of eBank Corporation which now offers unique internet banking services successfully. He is a member of Keizai Doyukai (Japan Association of Corporate Executives) and a chartered member of the Security Analysts Association of Japan. He was awarded the Asia CEO's Choice of the Year at the Fourth Asia Business Leader Awards organised by CNBC Asia Pacific in 2005. Mr. Wakayama was appointed to the Board on 22 November 2006.

Mr. Wong Kwok Kuen
Non-executive Director
Mr. Wong, aged 53, 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 was the General Manager of Seng Heng Development Co. Ltd., Hong Kong / Seng Heng Bank Ltd., Macau in 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 on 1 May 2007.

Mr. Chan Yuk Tong
Independent Non-executive Director
Mr. Chan, aged 46, is an independent non-executive director of the Company and the chairman and member of the Audit Committee and Remuneration Committee of the Company, respectively. 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 Hong Kong 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 Hong Kong Stock Exchange and the Shanghai Stock Exchange. 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.

Directors' Biographies

Mr. Fei Tai Hung

Independent Non-executive Director

Mr. Fei, aged 60, 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 21 years of experience in investment and finance. Mr. Fei was appointed to the Board on 22 June 2007.

Mr. Tse Kam Fow

Independent Non-executive Director

Mr. Tse, aged 48, 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 Hong Kong 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. During the past 11 years, Mr. Tse has worked at senior position 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.

Directors' Report

The directors present their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008.

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 manufacturing and trading of automotive components, 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 logistics services and trading of electronic components businesses as referred to note 18 to the financial statements.

The principal activities and particulars of the Company's principal subsidiaries as at 31 March 2008 are set out in note 21 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to operating results for the year ended 31 March 2008 is set out in note 8 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2008 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 a dividend for the year ended 31 March 2008.

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.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$1,918,000 on acquisition of property, plant and equipment.

Details of the movements in property, plant and equipment of the Group during the year are set out in note 19 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 in note 28 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

DIRECTORS

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

Executive directors:

Mr. Yip Chi Chiu *(Deputy Chairman and Chief Executive Officer)*	
Mr. Lo Wing Yat	
Mr. Leung Chung Tak Barry *(Chief Operating Officer and Chief Project Officer)*	
Mr. So George Siu Ming *(Chief Financial Officer)*	(appointed on 1 May 2007)
Mr. Chan Wai Ming	(resigned on 29 May 2007)
Mr. Loo Chung Keung Steve	(resigned on 29 May 2007)

Non-executive directors:

Mr. Ryoji Furukawa *(Chairman)*	
Mr. Chak Chi Man	
Mr. Ryuichi Tanabe	
Mr. Takehiko Wakayama	
Mr. Wong Kwok Kuen	(appointed as executive director on 1 May 2007 and re-designated as non-executive director on 20 July 2007)

Independent non-executive directors:

Mr. Chan Yuk Tong	
Mr. Fei Tai Hung	(appointed on 22 June 2007)
Mr. Tse Kam Fow	(appointed on 22 June 2007)
Mr. Pang Chun Sing	(resigned on 29 May 2007)
Mr. Chan Chun Wai	(resigned on 29 May 2007)
Mr. Sit Fung Shuen Victor	(resigned on 29 May 2007)

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Yip Chi Chiu, Mr. Leung Chung Tak Barry, Mr. Chak Chi Man and Mr. Ryuichi Tanabe 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' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2008, 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	195,584,943(L) *(Note 2)*	—	10.69%
Lo Wing Yat	Beneficial owner	—	14,600,000(L)	0.80%
Leung Chung Tak Barry	Beneficial owner	—	14,600,000(L)	0.80%
So George Siu Ming	Beneficial owner	—	14,600,000(L)	0.80%
Wong Kwok Kuen	Beneficial owner	—	3,600,000(L)	0.20%
Chak Chi Man	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:

1. (L) denotes a long position.

2. 6,700,000 shares were beneficially owned by Bright Success Holdings Limited. According to a sale and purchase agreement dated 22 November 2007 (as supplemented by two letters of confirmation dated 31 January 2008 and 31 March 2008 respectively) made amongst Asset Managers (China) Fund Co., Ltd., Bright Success Holdings Limited and Best Effort International Limited, Bright Success Holdings Limited has agreed to acquire 188,884,943 shares from Asset Managers (China) Fund Co., Ltd. at a consideration of HK$0.19 per share. 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 deemed to be interested in a total of 195,584,943 shares by virtue of the SFO.

3. The interests in underlying shares of unlisted equity derivatives of the Company represented interests in options granted to directors to subscribe for shares of the Company, further details of which are set out in note 31 to the financial statements.

Save as disclosed above, as at 31 March 2008, 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 of the Company and movements of options during the year are set out in note 31 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the options granted to the directors to subscribe for shares of the Company as disclosed under the section heading "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors or the chief executives of the Company or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company, or any other body corporate.

EMOLUMENTS OF DIRECTORS AND SENIOR EMPLOYEES

Details of the emoluments of the directors and the five highest paid employees are set out in note 17 to the financial statements.

Mr. Ryoji Furukawa has agreed to waive his entitlement to the director's fee in the amount of HK$100,000 per annum for the period from 1 June 2007 to 8 May 2008. Each of Mr. Ryuichi Tanabe and Mr. Takehiko Wakayama has also agreed to waive his entitlement to the director's fee in the amount of HK$100,000 per annum for the period from 1 June 2007 to 21 November 2008.

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

As at 31 March 2008, 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	395,796,276 (L) *(Note 2)*	—	21.62%
Asset Managers (Asia) Company Limited	Interest of controlled corporation	395,796,276 (L) *(Note 2)*	—	21.62%
Asset Managers International Co., Ltd.	Interest of controlled corporation	395,796,276 (L) *(Note 2)*	—	21.62%
Asset Managers Holdings Co., Ltd.	Interest of controlled corporation	395,796,276 (L) *(Note 2)*	—	21.62%
Bright Success Holdings Limited ("Bright Success")	Beneficial owner	195,584,943 (L) *(Note 3)*	—	10.69%
Lui Wai Kuen Brenda	Interest of controlled corporation	195,584,943 (L) *(Note 3)*	—	10.69%
	Interest of spouse	—	16,400,000 (L) *(Note 4)*	0.90%

Directors' Report

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
CITIC International Assets Management Limited ("CIAM")	Beneficial owner	166,400,000 (L) *(Note 5)*	—	9.09%
CITIC International Financial Holdings Limited ("CIFH")	Interest of controlled corporation	166,400,000 (L) *(Note 5)*	—	9.09%
CITIC Group	Interest of controlled corporation	166,400,000 (L) *(Note 5)*	—	9.09%

Notes:

1. (L) denotes a long position.

2. The 395,796,276 shares related to the same block of shares in the Company, of which 322,341,020 shares were beneficially owned by Best Effort. According to a sale and purchase agreement dated 22 November 2007 (as supplemented by two letters of confirmation dated 31 January 2008 and 31 March 2008 respectively) made amongst Asset Managers (China) Fund Co., Ltd., Bright Success and Best Effort (the "S&P Agreement"), Best Effort has agreed to acquire 73,455,256 shares from Asset Managers (China) Fund Co., Ltd. at a consideration of HK$0.19 per share. Best Effort was a wholly-owned subsidiary of Asset Managers (Asia) Company Limited, which in turn 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 Asset Managers Holdings Co., Ltd..

3. The 195,584,943 shares related to the same block of shares in the Company, of which 6,700,000 shares were beneficially owned by Bright Success. According to the S&P Agreement, Bright Success has agreed to acquire 188,884,943 shares from Asset Managers (China) Fund Co., Ltd. at a consideration of HK$0.19 per share. 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 unlisted equity derivatives of the Company represented interests in the share 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 in the Company.

5. The 166,400,000 shares related to the same block of shares in the Company. CIAM was owned as to 40% by CIFH, the shares of which are listed on the main board of the Stock Exchange 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 2008, 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 2008, 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 of the Listing Rules.

Directors' Report

DIRECTORS' INTEREST IN CONTRACTS

Apart from the agreements disclosed in the section heading "Connected Transactions" below, there were no contracts of significance to which the Company or any of its holding companies, subsidiaries 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

Apart from the agreements disclosed in the section heading "Connected Transactions" below, 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 holding companies, subsidiaries or fellow subsidiaries were entered into or subsisted during the year.

CONNECTED TRANSACTIONS

On 15 August 2007, a sale and purchase agreement (the "Acquisition Agreement") was entered into between Lucky Metro Trading Ltd. ("Lucky Metro") and Goodford Holdings Ltd. ("Goodford") in respect of the acquisition (the "Acquisition") from Goodford by Lucky Metro of 2,500,000 shares ("Unicla Shares") in the capital of Unicla International Limited ("Unicla"), representing approximately 8.06% of the then issued share capital of Unicla at a consideration of HK$2,500,000. Lucky Metro is an indirect wholly-owned subsidiary of the Company and one of the shareholders of Unicla. Before completion of the subscription (the "Subscription") of 6,000,000 Unicla Shares by Lucky Metro in January 2007 as disclosed in the Company's announcement dated 8 January 2007, Goodford was interested in 10% of Unicla. The Subscription and the Acquisition were completed within a 12-month period and were treated as if they were one transaction pursuant to Rule 14A.25 of the Listing Rules. In addition, the subject matter under the Acquisition Agreement relates to shares of the same company, i.e. Unicla Shares. Accordingly, Goodford is considered as a connected person of the Company and the Acquisition is therefore regarded as a connected transaction of the Company under the Listing Rules. The Acquisition was formally completed on 16 August 2007.

Details of the connected transaction are set out in the Company's announcement dated 17 August 2007.

On 4 January 2007, an authorised distributor agreement (the "Distributor Agreement") was entered into between Unicla and International Auto Engineering Limited ("International Auto") in relation to the appointment of International Auto as a non-exclusive distributor for distribution of the compressors, parts and all special and standard accessories bearing "Unicla" trademarks and tools (the "Products") for a term from 4 January 2007 to 31 March 2008 in Hong Kong, Macau and the People's Republic of China (the "Distributorship Area").

As at the date of the Distributor Agreement, Unicla, a subsidiary of the Company, was owned as to 32% by International Auto whose major shareholder was Mr. Yee Pui Jic ("Mr. Yee") and as to 5% by Costar Universal Limited whose sole shareholder was Ms. Yee Wai Chun Joan ("Ms. Yee"), the daughter of Mr. Yee. Mr. Yee is a director of Unicla and is accordingly a connected person of the Company. As Mr. Yee and Ms. Yee in aggregate indirectly controlled 37% of the equity interest in Unicla as at the date of the Distributor Agreement, Unicla was an associate (as defined in the Listing Rules) of Mr. Yee and was also a connected person of the Company. Hence, the transactions contemplated under the Distributor Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Directors' Report

Pursuant to the Distributor Agreement, the sale price to International Auto shall be the prevailing market price to be agreed between Unicla and International Auto at arm's length basis. In the event of any outstanding amount due and owing to Unicla, International Auto shall be given a maximum credit limit of HK$800,000 on a revolving basis. It was estimated that the annual cap for the transactions under the Distributor Agreement for each of two years ending 31 March 2008 would not exceed HK$4,000,000.

International Auto has been engaged in distribution of compressors bearing "Unicla" trademarks in the Distributorship Area for more than 30 years. The directors are of the view that the Distributor Agreement allows Unicla to leverage on the experience and sales network of International Auto and facilitates Unicla to increase its market share in the Distributorship Area.

The transactions contemplated under the Distributor Agreement for the year ended 31 March 2008 amounted to approximately HK$3,960,000.

The independent non-executive directors of the Company have reviewed the aforesaid continuing connected transactions and confirmed that the transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The independent auditor of the Company has also confirmed that the continuing connected transactions:

(i) have received the approval of the Company's board of directors;

(ii) are in accordance with the pricing policies as stated in the Distributor Agreement;

(iii) have been entered into in accordance with the relevant agreement governing the transactions; and

(iv) have not exceeded the cap disclosed in the Company's announcement dated 8 January 2007.

Details of the continuing connected transactions are set out in the Company's announcement dated 8 January 2007.

Details of other related party transactions undertaken by the Group in the normal course of business during the year are provided under note 33 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 2008.

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 a share option scheme as incentive to selected participants, including the directors and eligible employees of the Company. Details of the scheme are set out in note 31 to the financial statements.

Directors' Report

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in note 12 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.

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

DONATIONS

During the year, the Group made donations amounting to approximately HK$330,000.

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.

AUDITOR

In May 2005, Moore Stephens, resigned as auditor of the Company and CCIF CPA Limited was appointed as the auditor of the Company to fill the casual vacancy.

CCIF CPA Limited will retire and a resolution for re-appointment of 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, 27 June 2008

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. The board of directors of the Company (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 2008, 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 insufficient number of independent non-executive directors, details of which are set out in the section heading "Board of Directors" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has 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 made by the Company, their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2008.

BOARD OF DIRECTORS

The Board currently comprises the following twelve directors:

Executive directors:

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

Non-executive directors:

Mr. Ryoji Furukawa *(Chairman)*
Mr. Chak Chi Man
Mr. Ryuichi Tanabe
Mr. Takehiko Wakayama
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 7 to 10 of this annual report.

Mr. Yip Chi Chiu, Mr. Ryuichi Tanabe, Mr. Takehiko Wakayama and Mr. Leung Chung Tak Barry are directors of Best Effort International Limited. Mr. Ryoji Furukawa, Mr. Yip Chi Chiu, Mr. Ryuichi Tanabe and Mr. Takehiko Wakayama are directors of Asset Managers (Asia) Company Limited. Mr. Leung Chung Tak Barry and Mr. So George Siu Ming are employees of Asset Managers (Asia) Company Limited. Mr. Ryoji Furukawa is a director of Asset Managers International Co., Ltd. Mr. Ryuichi Tanabe is a director of Asset Managers Holdings Co., Ltd. Mr. Ryoji Furukawa, Mr. Yip Chi Chiu and Mr. Lo Wing Yat are directors of CITIC International Assets Management Limited ("CIAM"). Mr. Chak Chi Man is an employee of CIAM. Mr. Lo Wing Yat is a director of CITIC International Financial Holdings Limited ("CIFH"). Mr. Yip Chi Chiu is a director of Bright Success Holdings Limited. Best Effort International Limited, Asset Managers (Asia) Company Limited, Asset Managers International Co., Ltd., Asset Managers Holdings Co., Ltd., CIAM, CIFH and Bright Success Holdings Limited are the substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong). Other than these, there is no financial, business, family or other material relationship among the members of the Board.

Corporate Governance Report

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. As a result of the resignation of Mr. Pang Chun Sing, Mr. Chan Chun Wai and Mr. Sit Fung Shuen Victor as independent non-executive directors of the Company on 29 May 2007, the Company had only one independent non-executive director, Mr. Chan Yuk Tong who is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia, which did not meet the minimum number as required under Rule 3.10(1) of the Listing Rules. In order to comply with Rule 3.10(1) of the Listing Rules, Mr. Fei Tai Hung and Mr. Tse Kam Fow have been appointed as independent non-executive directors of the Company with effect from 22 June 2007.

Saved as disclosed above, throughout the year ended 31 March 2008, 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.

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.

The Company has arranged for appropriate liability insurance for the directors for indemnifying their liabilities arising out of corporate activities.

The Board held four regular meetings and eight additional meetings during the year ended 31 March 2008. The individual attendance records of the directors at the Board meetings are as follows:

Name of directors	**Number of meetings attended / held**
Executive directors:	
Mr. Yip Chi Chiu	12/12
Mr. Lo Wing Yat	6/12
Mr. Leung Chung Tak Barry	11/12
Mr. So George Siu Ming (appointed on 1 May 2007)	11/11
Mr. Chan Wai Ming (resigned on 29 May 2007)	3/3
Mr. Loo Chung Keung Steve (resigned on 29 May 2007)	2/3
Non-executive directors:	
Mr. Ryoji Furukawa	4/12
Mr. Chak Chi Man	10/12
Mr. Ryuichi Tanabe	8/12
Mr. Takehiko Wakayama	4/12
Mr. Wong Kwok Kuen (appointed on 1 May 2007 and re-designated from an executive director to an non-executive director on 20 July 2007)	4/11
Independent non-executive directors:	
Mr. Chan Yuk Tong	10/12
Mr. Fei Tai Hung (appointed on 22 June 2007)	5/7
Mr. Tse Kam Fow (appointed on 22 June 2007)	4/7
Mr. Pang Chun Sing (resigned on 29 May 2007)	2/3
Mr. Chan Chun Wai (resigned on 29 May 2007)	1/3
Mr. Sit Fung Shuen Victor (resigned on 29 May 2007)	2/3

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy; annual and interim budgets; 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.

Corporate Governance Report

Chairman and Chief Executive Officer

Currently, Mr. Ryoji Furukawa is the Chairman of the Company and Mr. Yip Chi Chiu is the Chief Executive Officer of the Company. Accordingly, the roles of the Chairman and Chief Executive Officer of the Company are segregated and are not exercised by the same individual.

The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

Non-executive Directors

All non-executive directors of the Company are appointed for a term of two years.

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 (appointed as Chairman on 22 June 2007), 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 2008. 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 (appointed on 22 June 2007)	1/1
Mr. Tse Kam Fow (appointed on 22 June 2007)	1/1
Mr. Yip Chi Chiu (appointed on 22 June 2007)	1/1
Mr. Pang Chun Sing (resigned on 29 May 2007)	0/0
Mr. Chan Chun Wai (resigned on 29 May 2007)	0/0
Mr. Sit Fung Shuen Victor (resigned on 29 May 2007)	0/0
Mr. Chan Wai Ming (resigned on 29 May 2007)	0/0

During the meeting, the Remuneration Committee reviewed and recommended to the Board for approval the remuneration of the directors of the Company.

Corporate Governance Report

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 2008, no director was involved in deciding his own remuneration.

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 (appointed as Chairman on 22 June 2007), Mr. Fei Tai Hung and Mr. Tse Kam Fow.

The principal duties of the Audit Committee include (i) to oversee the relationship with the external 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 five meetings during the year ended 31 March 2008. The individual attendance records of the committee members are as follows:

Name of committee members	Number of meetings attended / held
Mr. Chan Yuk Tong	5/5
Mr. Fei Tai Hung (appointed on 22 June 2007)	3/4
Mr. Tse Kam Fow (appointed on 22 June 2007)	4/4
Mr. Pang Chun Sing (resigned on 29 May 2007)	1/1
Mr. Chan Chun Wai (resigned on 29 May 2007)	0/1
Mr. Sit Fung Shuen Victor (resigned on 29 May 2007)	0/1

During the year ended 31 March 2008, 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 2007, three months ended 30 June 2007, six months ended 30 September 2007 and nine months ended 31 December 2007 and recommended the same to the Board for approval; (iii) reviewed the remuneration and terms of engagement of the Auditor; and (iv) reviewed the internal control system of the Group and the progress on implementation of the recommendations from an external consultant.

The Audit Committee has reviewed with the management and the Auditor the audited consolidated financial statements of the Company for the year ended 31 March 2008.

Pursuant to Rule 3.21 of the Listing Rules, the audit committee of a listed issuer must comprise a minimum of three members and must be chaired by an independent non-executive director. As a result of the resignation of Mr. Pang Chun Sing as chairman and member, and Mr. Chan Chun Wai and Mr. Sit Fung Shuen, Victor as members of the Audit Committee on 29 May 2007, the Audit Committee had only one member, Mr. Chan Yuk Tong, and had no chairman, which did not meet the requirements under Rule 3.21 of the Listing Rules. In order to comply with Rule 3.21 of the Listing Rules, Mr. Fei Tai Hung and Mr. Tse Kam Fow have been appointed as members and Mr. Chan Yuk Tong has been appointed as chairman of the Audit Committee with effect from 22 June 2007.

Executive Committee

The Executive Committee currently comprises all the executive directors of the Company, namely Mr. Yip Chi Chiu (chairman), Mr. Lo Wing Yat, Mr. Leung Chung Tak Barry 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 2008, the Auditor received approximately HK$615,000 for audit service and approximately HK$60,000 for non-audit services of reviewing the interim results for the six months ended 30 September 2007.

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 2008, appointment of Mr. So George Siu Ming and Mr. Wong Kwok Kuen as additional directors and appointment of Mr. Fei Tai Hung and Mr. Tse Kam Fow as directors to fill the casual vacancies were put to the Board for consideration and approval. They were re-elected by shareholders at the annual general meeting of the Company held on 28 August 2007.

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.

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

During the year, the Audit Committee agreed the Company to engage an external consultant to review certain aspects of the Group's internal control system. Findings and recommendations have been reported to the Audit Committee and the Board. The Board is committed to improve 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, 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
(Formerly known as Carico Holdings Limited)
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Jia Sheng Holdings Limited (formerly known as Carico Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 78 which comprise the consolidated and Company balance sheets as at 31 March 2008, 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 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, 27 June 2008

Leung Chun Wa
Practising Certificate Number P04963

Consolidated Income Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000 (Restated)
Continuing operations			
Turnover	7	**117,537**	126,168
Cost of sales		**(111,577)**	(125,579)
Gross profit		**5,960**	589
Other income	9	**3,769**	2,625
Administrative expenses		**(46,353)**	(38,937)
Impairment on available-for-sale financial assets	22	**(15,918)**	(282)
Impairment on goodwill	20	**(5,621)**	—
Write-down of inventories		**(5,253)**	(1,359)
Finance costs	10	**—**	(3)
Impairment on loans to associates		**—**	(393)
Loss before taxation	11	**(63,416)**	(37,760)
Taxation	13	**(23)**	(80)
Loss for the year from continuing operations		**(63,439)**	(37,840)
Discontinued operations			
Loss for the year from discontinued operations	18	**(1,050)**	(1,577)
Loss for the year		**(64,489)**	(39,417)
Attributable to:			
Equity holders of the Company	14 & 29	**(61,226)**	(32,544)
Minority interests		**(3,263)**	(6,873)
		(64,489)	(39,417)
Dividend	15	**—**	—
		HK$	HK$ (Restated)
Loss per share attributable to equity holders of the Company	16		
From continuing and discontinued operations			
– Basic		**(0.0338)**	(0.0249)
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**(0.0332)**	(0.0237)
– Diluted		**N/A**	N/A

Consolidated Balance Sheet

As at 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	19	**7,482**	9,462
Goodwill	20	**—**	3,990
Available-for-sale financial assets	22	**—**	15,918
Other operating assets		**230**	205
		7,712	29,575
Current assets			
Inventories	23	**19,565**	8,487
Amounts due from related companies	24	**—**	48
Trade and other receivables	25	**13,783**	14,964
Cash and bank balances	26	**79,078**	108,356
		112,426	131,855
Current liabilities			
Trade and other payables	27	**6,282**	10,810
Provision for taxation		**16**	80
		6,298	10,890
Net current assets		**106,128**	120,965
TOTAL ASSETS LESS CURRENT LIABILITIES		**113,840**	150,540
CAPITAL AND RESERVES			
Share capital	28	**18,304**	17,139
Reserves	29	**95,010**	128,755
Equity attributable to equity holders of the Company		**113,314**	145,894
Minority interests		**526**	4,646
TOTAL EQUITY		**113,840**	150,540

Yip Chi Chiu
Director

So George Siu Ming
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	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 2006	8,289	66,299	241	15,506	1,868	803	2,956	(31,067)	64,895	9,986	74,881
Issue of new shares	8,295	91,250	—	—	—	—	—	—	99,545	—	99,545
Proceeds from shares issued upon exercise of share options	555	5,824	—	—	—	—	—	—	6,379	—	6,379
Exercise of share options	—	1,980	—	—	—	—	(1,980)	—	—	—	—
Issue of share options	—	—	—	—	—	—	7,606	—	7,606	—	7,606
Exchange difference on translation of the financial statements of foreign subsidiaries	—	—	13	—	—	—	—	—	13	7	20
Purchase of additional interest in subsidiaries	—	—	—	—	—	—	—	—	—	1,526	1,526
Loss for the year	—	—	—	—	—	—	—	(32,544)	(32,544)	(6,873)	(39,417)
At 31 March 2007 and 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)	—	—	—	—
Issue of share options	—	—	—	—	—	—	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	**18,304**	**196,161**	**82**	**15,506**	**1,868**	**—**	**6,147**	**(124,754)**	**113,314**	**526**	**113,840**

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	**2008 HK$'000**	2007 HK$'000
Operating activities			
Loss before taxation (including loss from discontinued operations)		**(64,466)**	(39,337)
Adjustments for:			
Finance costs		**—**	3
Interest income		**(3,539)**	(2,521)
Gain on disposal of available-for-sale financial assets		**—**	(2)
Loss on disposal of property, plant and equipment		**150**	23
Depreciation		**3,039**	2,647
Equity-settled share-based payments		**6,046**	7,606
Impairment on available-for-sale financial assets		**15,918**	282
Impairment on goodwill		**5,621**	—
Impairment on loans to associates		**—**	393
Write-down of inventories		**5,253**	1,359
Loss / (gain) on disposal of subsidiaries	30(c)	**532**	(5)
Operating loss before changes in working capital		**(31,446)**	(29,552)
(Increase) / decrease in inventories		**(16,331)**	193
Decrease in amounts due from related companies		**48**	—
(Increase) / decrease in trade and other receivables		**(653)**	13,017
Increase in other operating assets		**(25)**	—
(Decrease) / increase in trade and other payables		**(4,282)**	4,528
Net cash used in operations		**(52,689)**	(11,814)
Taxation paid overseas		**(87)**	—
Interest paid		**—**	(3)
Interest received		**3,583**	2,452
Net cash used in operating activities		**(49,193)**	(9,365)
Investing activities			
Payments to acquire:			
Property, plant and equipment		**(1,918)**	(2,247)
Available-for-sale financial assets		**—**	(16,200)
Increase in shareholdings of subsidiaries	30(a)	**(2,500)**	—
Acquisition of subsidiaries	30(b)	**—**	(2,379)
Disposal of subsidiaries, net of cash and cash equivalents disposed of	30(c)	**668**	—
Proceeds from disposal of property, plant and equipment		**15**	80
Net cash used in investing activities		**(3,735)**	(20,746)

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Financing activities			
Issue of new shares		—	99,545
Proceeds from shares issued upon exercise of share options		**23,575**	6,379
Net cash generated from financing activities		**23,575**	105,924
Net (decrease)/increase in cash and cash equivalents		**(29,353)**	75,813
Exchange realignments		**75**	—
Cash and cash equivalents at beginning of the year		**108,356**	32,543
Cash and cash equivalents at end of the year		**79,078**	108,356

Balance Sheet

As at 31 March 2008

	Note	**2008 HK$'000**	2007 HK$'000
Non-current assets			
Interests in subsidiaries	21	**17,441**	21,236
Current assets			
Amount due from a subsidiary	21	**25,700**	5,000
Trade and other receivables	25	**5,871**	175
Cash and bank balances	26	**64,115**	87,018
		95,686	92,193
Current liabilities			
Trade and other payables	27	**787**	566
		787	566
Net current assets		**94,899**	91,627
TOTAL ASSETS LESS CURRENT LIABILITIES		**112,340**	112,863
CAPITAL AND RESERVES			
Share capital	28	**18,304**	17,139
Reserves	29	**94,036**	95,724
TOTAL EQUITY		**112,340**	112,863

Yip Chi Chiu
Director

So George Siu Ming
Director

Notes to the Financial Statements

1. GENERAL INFORMATION

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 of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

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. The certificate of incorporation on change of name and the certificate of secondary name were issued by the Registrar of Companies in Bermuda on 21 May 2008 and the certificate of registration of change of corporate name of non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 3 June 2008. The change of name of the Company and adoption of the Chinese name as secondary name has become effective from 20 May 2008.

The Company is an investment holding company. Its subsidiaries are principally engaged in manufacturing and trading of automotive components, securities dealing and investment, provision of securities brokerage services and investment holding.

These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

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

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which include Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), for the first time of the current year's financial statements.

HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the above standards, amendments and interpretations had no material effects on the Group's and the Company's results and financial position and did not result in substantial changes to the Group's accounting policies. However, as a result of the adoption of HKAS 1 Amendment and HKFRS 7, certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 Amendment and HKFRS 7 has been presented for the first time in the current year and mainly as follows:

— HKAS 1 Amendment introduces additional disclosure requirements to provide information about the level of capital and the Group's objectives, policies and processes for managing capital.

— The adoption of HKFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout these financial statements.

Both HKAS 1 Amendment and HKFRS 7 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

Notes to the Financial Statements

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

The Group has not early applied the following new and revised standards, amendment and interpretations that have been issued but are not yet effective, in these financial statements:

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK (IFRIC)-Int 12	Service Concession Arrangements[3]
HK (IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK (IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2009.
3 Effective for annual periods beginning on or after 1 January 2008.
4 Effective for annual periods beginning on or after 1 July 2008.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the results of operations and financial position.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with HKFRSs, which also include 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.

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 significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(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 with 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.

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, unless the investment is classified as held for sale.

(c) Property, plant and equipment

All property, plant and equipment 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 property, plant and equipment 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 property, plant and equipment and 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 property, plant and equipment 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)*

(c) Property, plant and equipment (Continued)

The asset's residual value, 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 property, plant and equipment 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.

(d) 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.

(e) 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)*

(e) 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, when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in 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.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) 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 property, plant and equipment and interests in subsidiaries) 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 value 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. An impairment loss in respect of goodwill is not reversed.

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)*

(f) Investments and other financial assets

The Group classified its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at the balance sheet date.

(i) Financial assets at fair value through profit or loss

This category includes financial assets held for trading and financial assets designated at fair value through profit or loss at inception. Assets in this category are measured at fair value and classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date. Gains or losses on these financial asssets are recognised in the income statement. The Group's financial assets at fair value through profit or loss which are under regular way of purchase or sale are recognised on the trade date, that is, the date the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are carried at amortised cost less allowance for impairment losses for 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. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed or unlisted equity securities, that are designated in this category or are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the financial assets are derecognised or until the financial assets are determined to be impaired at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because the variability in the range of reasonable fair value estimates is significant for that financial asset, or the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For financial asset where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; a discounted cash flow analysis and other valuation models.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods 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.

(h) 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.

(i) 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) dealings in securities and sales of investments are recognised on the transaction dates when the relevant contract notes are exchanged.

(v) commission income is recognised when services are rendered.

(j) Discontinued operations

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 line of business or geographical area of operations, is classified as a discontinued operation at the date that operation meets the criteria to be classified as held for sale or when disposal occurs.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(i) where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with interests in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. In respect of deductible temporary differences associated with interests in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilitsed.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities relate to the same taxable entity and the same taxation authority.

(l) Provisions

Provisions are recognised when the Group or the Company has a present legal or constructive obligation 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.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) 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.

(n) 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. When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

(o) 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

(p) Operating leases

Leases where substantially all the risks and rewards 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.

(q) 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 which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated and Company balance sheets, cash and bank balances comprise cash on hand, cash at banks and demand deposits which are not restricted as to use.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Foreign currency translations

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollars. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at rates of exchange ruling at the balance sheet date, and their income statement are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in the exchange reserve relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows or at an approximation thereto, the weighted average exchange rates for the year. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

(s) 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 give it significant influence over the Group; or (c) has joint control over the Group;

(ii) the party is an associate;

(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) to (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.

(t) Dividends and distributions

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

Notes to the Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group made estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal 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 period are discussed below:

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment losses. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment 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. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned.

(c) Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial assets and liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(d) Net realisable value of inventories estimation

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling and distribution costs. These estimates are made with reference to the ageing analysis of the inventories, projection of expected sales volume and market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at each balance sheet date.

(e) 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 that number of share options that are expected to become exercisable are different from that previously estimated.

Notes to the Financial Statements

5. 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.

(a) *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 banks of high credit rating in Hong Kong and the Group has limited exposure to any single financial institution.

The Group has no significant concentration of credit risk. During the year, the Group sold less than 30% of its goods and services to its five largest customers. It has policies to ensure that sales of products are made to customers who are financially viable and with an appropriate credit history. Trade debtors are allowed an average credit period of 30 to 180 days from the date of billing.

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.

(b) *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.

Except for client payables in respect of the Group's securities brokerage business bearing prevailing market saving rates, other financial liabilities of the Group are non-interest-bearing. 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

	2008			
	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	Total HK$'000
Trade payables	—	4,173	—	4,173
Other payables and accruals	1,302	628	179	2,109
Total	1,302	4,801	179	6,282

Notes to the Financial Statements

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Liquidity risk (Continued)

	2007			
	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	Total HK$'000
Trade payables	119	8,368	—	8,487
Other payables and accruals	1,331	874	118	2,323
Total	1,450	9,242	118	10,810

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

	2008			
	On demand HK$'000	**Less than 3 months HK$'000**	**3 to less than 12 months HK$'000**	**Total HK$'000**
Other payables and accruals	**371**	**293**	**123**	**787**

	2007			
	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	Total HK$'000
Other payables and accruals	251	252	63	566

(c) Interest rate risk

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 significant impact to the operating cash flows.

Notes to the Financial Statements

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(d) 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 exchanges positions of its assets and liabilities and will consider hedging significant foreign currency exposures should the need arises.

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 15.82% (2007: 5.69%) of the Group's sales is denominated in currencies other than the functional currency of the Group, whilst approximately 17.39% (2007: 9.06%) of purchases is denominated in currencies other than the functional currency of the Group.

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

	2008		2007	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
US Dollars	**3,879**	**—**	5,233	119
Euro	**4**	**112**	212	—
Renminbi	**418**	**1,129**	1,082	518
Japanese Yen	**1,027**	**733**	78	1,595

The following table 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 to only 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	
	2008 HK$'000	2007 HK$'000
Euro	**(6)**	10
Renminbi	**(36)**	28
Japanese Yen	**15**	(76)

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

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 2008 and 2007.

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 subsidary, neither the Company nor any other subsidairy is subject to externally imposed capital requirements.

7. TURNOVER

Turnover represents the aggregate of gross sales income from automotive component business; gross proceeds from sales of securities investments; gross income from securities brokerage services and other businesses.

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 manufacturing and trading of automotive components business;

(ii) the securities investment segment includes dealings in securities;

(iii) the securities brokerage segment provides securities brokerage services;

(iv) the "Others" segment comprises principally all other trading businesses; and

(v) the provision of logistics services and trading of electronic components segments. As at the balance sheet date, these two segments are classified as discontinued operations of the Group.

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:

	2008									
	Continuing operations						Discontinued operations			
	Manufacturing and trading of automotive components HK$'000	Securities investment HK$'000	Securities brokerage HK$'000	Others HK$'000	Inter-segment elimination HK$'000	Sub-total HK$'000	Trading of electronic components HK$'000	Logistics services HK$'000	Sub-total HK$'000	Consolidated HK$'000
Revenue										
External	18,869	95,416	3,252	–	–	117,537	–	1,432	1,432	118,969
Inter-segment	–	–	5	–	(5)	–	–	–	–	–
Total	18,869	95,416	3,257	–	(5)	117,537	–	1,432	1,432	118,969
Segment results	(9,504)	123	(2,145)	–	–	(11,526)	–	(420)	(420)	(11,946)
Unallocated group expenses						(30,351)			–	(30,351)
Impairment on available-for-sale financial assets						(15,918)			–	(15,918)
Impairment on goodwill	(3,973)	–	(1,648)	–	–	(5,621)			–	(5,621)
Loss on disposal of subsidiaries						–			(630)	(630)
Loss before taxation						(63,416)			(1,050)	(64,466)
Taxation						(23)			–	(23)
Loss for the year						(63,439)			(1,050)	(64,489)
Segment assets	29,884	5,513	10,951	–	–	46,348	–	–	–	46,348
Unallocated						73,790			–	73,790
Total assets						120,138			–	120,138
Segment liabilities	(28,149)	(5,264)	(2,947)	–	30,939	(5,421)	–	–	–	(5,421)
Unallocated						(877)			–	(877)
Total liabilities						(6,298)			–	(6,298)
Capital expenditure	473	–	45	–	–	518	–	–	–	518
Unallocated						1,400			–	1,400
Total capital expenditure						1,918			–	1,918
Depreciation	1,943	–	594	–	–	2,537	–	89	89	2,626
Unallocated						413			–	413
Total depreciation						2,950			89	3,039
Write-down of inventories	2,396	–	–	–	–	2,396	–	–	–	2,396
Unallocated						2,857			–	2,857
Total write-down of inventories						5,253			–	5,253

Notes to the Financial Statements

8. SEGMENT INFORMATION *(Continued)*

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

2007 (Restated)

	Continuing operations						Discontinued operations			
	Manufacturing and trading of automotive components HK$'000	Securities investment HK$'000	Securities brokerage HK$'000	Others HK$'000	Inter-segment elimination HK$'000	Sub-total HK$'000	Trading of electronic components HK$'000	Logistics services HK$'000	Sub-total HK$'000	Consolidated HK$'000
Revenue										
External	10,473	112,691	1,023	1,981	—	126,168	—	4,467	4,467	130,635
Inter-segment	—	—	224	—	(224)	—	—	—	—	—
Total	10,473	112,691	1,247	1,981	(224)	126,168	—	4,467	4,467	130,635
Segment results	(11,967)	142	(2,393)	(579)	—	(14,797)	(318)	(1,259)	(1,577)	(16,374)
Unallocated group expenses						(22,567)			—	(22,567)
Finance costs						(3)			—	(3)
Impairment on loans to associates						(393)			—	(393)
Loss before taxation						(37,760)			(1,577)	(39,337)
Taxation						(80)			—	(80)
Loss for the year						(37,840)			(1,577)	(39,417)
Segment assets	20,061	5,165	17,274	1,226	—	43,726	—	2,510	2,510	46,236
Unallocated						115,194			—	115,194
Total assets						158,920			2,510	161,430
Segment liabilities	(7,804)	(5,064)	(7,125)	(1,835)	15,600	(6,228)	(11)	(3,832)	(3,843)	(10,071)
Unallocated						(819)			—	(819)
Total liabilities						(7,047)			(3,843)	(10,890)
Capital expenditure	784	—	1,317	—	—	2,101	—	35	35	2,136
Unallocated						111			—	111
Total capital expenditure						2,212			35	2,247
Depreciation	1,825	—	266	—	—	2,091	—	264	264	2,355
Unallocated						292			—	292
Total depreciation						2,383			264	2,647
Write-down of inventories	1,359	—	—	—	—	1,359	—	—	—	1,359
Unallocated						—			—	—
Total write-down of inventories						1,359			—	1,359

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:

	2008			
	Hong Kong	**PRC**	**Overseas**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Revenue	**106,219**	**—**	**12,750**	**118,969**
Attributable to discontinued operations	**(1,432)**	**—**	**—**	**(1,432)**
Revenue from continuing operations	**104,787**	**—**	**12,750**	**117,537**
Segment assets	**98,886**	**18,731**	**2,521**	**120,138**
Capital expenditure	**1,445**	**473**	**—**	**1,918**

	2007 (Restated)			
	Hong Kong	PRC	Overseas	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	121,357	1,980	7,298	130,635
Attributable to discontinued operations	(4,467)	—	—	(4,467)
Revenue from continuing operations	116,890	1,980	7,298	126,168
Segment assets	125,107	31,981	4,342	161,430
Capital expenditure	1,463	784	—	2,247

9. OTHER INCOME

	2008	2007
	HK$'000	HK$'000
Foreign exchange gain	**—**	27
Interest income	**3,539**	2,521
Gain on disposal of subsidiaries	**98**	5
Others	**132**	72
	3,769	2,625

Notes to the Financial Statements

10. FINANCE COSTS

	2008 **HK$'000**	2007 HK$'000
Interest on bank overdrafts	—	3

11. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2008 **HK$'000**	2007 HK$'000 (Restated)	**2008** **HK$'000**	2007 HK$'000 (Restated)	**2008** **HK$'000**	2007 HK$'000 (Restated)
Auditor's remuneration	**615**	605	—	6	**615**	611
Cost of inventories sold	**17,058**	14,078	—	—	**17,058**	14,078
Cost of investment securities	**94,035**	111,251	—	—	**94,035**	111,251
Depreciation of property, plant and equipment	**2,950**	2,383	**89**	264	**3,039**	2,647
Loss on disposal of property, plant and equipment	**150**	6	—	17	**150**	23
Operating lease charges in respect of rented premises	**3,047**	2,851	—	—	**3,047**	2,851
Staff costs (including directors' emoluments)						
– salaries and allowances	**19,544**	14,266	**126**	391	**19,670**	14,657
– equity-settled share-based payments	**4,509**	5,693	—	—	**4,509**	5,693
– contributions to retirement benefits schemes	**646**	653	**15**	51	**661**	704

12. 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 participates 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 into 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$661,000 (2007: HK$704,000). As at 31 March 2008, there were no forfeited contributions available to the Group to reduce its contributions in future years (2007: HK$ Nil).

Notes to the Financial Statements

13. TAXATION

	2008 **HK$'000**	2007 HK$'000
Current taxation		
Hong Kong	**18**	25
Overseas	**5**	55
Total charge for the year	**23**	80

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. 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 charge for the year can be reconciled to the loss per consolidated income statement as follows:

	2008 **HK$'000**	2007 HK$'000 (Restated)
Loss before taxation		
Continuing operations	**(63,416)**	(37,760)
Discontinued operations	**(1,050)**	(1,577)
	(64,466)	(39,337)
Tax at the statutory tax rate of 17.5% (2007: 17.5%)	**(11,282)**	(6,884)
Effect of different tax rates in other jurisdictions	**15**	32
Expenses not deductible for taxation purposes	**8,150**	3,278
Income not subject to taxation	**(538)**	(539)
Tax effect of accelerated tax depreciation not previously recognised	**247**	28
Tax losses not recognised	**3,431**	4,165
Tax charge for the year	**23**	80

At 31 March 2008, the Group has unprovided deferred tax assets of approximately HK$13,394,000 (2007: HK$19,145,000), 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 may be carried forward indefinitely.

14. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes a loss of approximately HK$30,144,000 (2007: HK$25,448,000) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

15. DIVIDEND

No dividend was paid or declared by the Company during the year (2007: HK$Nil).

16. 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$61,226,000 (2007: HK$32,544,000) and on (ii) the weighted average number of 1,810,306,193 ordinary shares (2007: 1,307,019,733 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:

	2008 HK$'000	2007 HK$'000 (Restated)
Loss for the year attributable to equity holders of the Company	**61,226**	32,544
Less: Loss for the year from discontinued operations	**(1,050)**	(1,577)
Loss for the purpose of basic loss per share from continuing operations	**60,176**	30,967

From discontinued operations

Basic loss per share for discontinued operations is HK$0.0006 (2007: restated HK$0.0012) which is calculated based on the loss for the year attributable to equity holders of the Company from discontinued operations of HK$1,050,000 (2007: restated HK$1,577,000).

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

No diluted loss per share is presented for the year ended 31 March 2008 and 2007 as the share options outstanding during these years had no dilutive effect on basic loss per share for these years.

Notes to the Financial Statements

17. 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 2008 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	2008 Total 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 George 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

17. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments (Continued)

The emoluments of the Directors for the year ended 31 March 2007 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	2007 Total HK$'000
Executive Directors					
Mr. Yip Chi Chiu	—	—	—	—	—
Mr. Lo Wing Yat	—	—	—	—	—
Mr. Leung Chung Tak Barry	—	—	—	—	—
Mr. Loo Chung Keung Steve	—	1,180	—	12	1,192
Mr. Chan Wai Ming	—	1,130	—	12	1,142
Mr. Sun Yeung Yeung	—	—	—	—	—
Mr. Zu Yuan	6	—	—	—	6
Non-executive Directors					
Mr. Ryoji Furukawa	—	—	—	—	—
Mr. Chak Chi Man	—	—	—	—	—
Mr. Ryuichi Tanabe	—	—	—	—	—
Mr. Takehiko Wakayama	—	—	—	—	—
Mr. Gouw Kar Yiu Carl	—	—	—	—	—
Mr. Tung Tat Chiu Michael	38	—	92	—	130
Independent non-executive Directors					
Mr. Chan Yuk Tong	22	—	—	—	22
Mr. Pang Chun Sing	60	—	—	—	60
Mr. Chan Chun Wai	60	—	—	—	60
Mr. Sit Fung Shuen Victor	22	—	—	—	22
Mr. Wong Miu Sung	38	—	—	—	38
	246	2,310	92	24	2,672

Notes to the Financial Statements

17. 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:

	2008	2007
	HK$'000	HK$'000
Fees		
Executive Directors	**105**	6
Non-executive Directors	**153**	38
Independent non-executive Directors	**277**	202
	535	246
Other emoluments for Directors		
Basic salaries, allowances and benefits in kind	**3,355**	2,310
Equity-settled share-based payments	**3,858**	92
Retirement benefits schemes contributions	**34**	24
	7,247	2,426
	7,782	2,672

The above emoluments included the value of share options granted to certain Directors under the Company's share option scheme as estimated at the date of grant. The details are disclosed under the paragraph "Share Option Scheme" in the Directors' report and Note 31.

Mr. Ryoji Furukawa has agreed to waive his entitlement to the director's fee in the amount of HK$100,000 per annum for the period from 1 June 2007 to 8 May 2008. Each of Mr. Ryuichi Tanabe and Mr. Takehiko Wakayama has also agreed to waive his entitlement to the director's fee in the amount of HK$100,000 per annum for the period from 1 June 2007 to 21 November 2008.

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.

Notes to the Financial Statements

17. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals of the Group include four (2007: two) executive Directors and nil (2007: nil) non-executive Director, details of whose emoluments are set out above. The emoluments of the remaining one (2007: three) employee was as follows:

	2008	2007
	HK$'000	HK$'000
Basic salaries, allowances and benefits in kind	**578**	1,111
Equity-settled share-based payments	**185**	2,898
Retirement benefits schemes contributions	**12**	36
	775	4,045

The number of the non-director, highest paid employees whose emoluments were within the following bands:

	Number of Employees	
	2008	2007
HK$Nil – HK$1,000,000	**1**	1
HK$1,500,001 – HK$2,000,000	**—**	2

Notes to the Financial Statements

18. DISCONTINUED OPERATIONS

On 9 August 2007 and 10 October 2007, the Group disposed of its entire interest in subsidiaries which were engaged in the provision of logistics services and trading of electronic components businesses respectively. The results and cash flows of these operations have been presented as discontinued operations. Comparative figures of last year were restated to reflect the discontinued operations of these two business segments.

An analysis of the results of the discontinued operations is as follows:

	2008 **HK$'000**	2007 HK$'000 (Restated)
Turnover	**1,432**	4,467
Cost of sales	**(1,683)**	(4,761)
Gross loss	**(251)**	(294)
Administrative expenses	**(169)**	(1,283)
Loss before taxation	**(420)**	(1,577)
Taxation	**—**	—
Loss for the year	**(420)**	(1,577)
Loss on disposal of subsidiaries	**(630)**	—
Loss for the year from discontinued operations	**(1,050)**	(1,577)

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

	2008 **HK$'000**	2007 HK$'000 (Restated)
Net cash (outflow)/inflow from operating activities	**(449)**	10,034
Net cash inflows from investing activities	**—**	45
Net cash generated from financing activities	**400**	1,943
Total cash (outflow)/inflow	**(49)**	12,022

19. PROPERTY, PLANT AND EQUIPMENT

	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 2006	1,418	10,933	5,567	1,470	19,388
Additions	483	501	1,230	33	2,247
Acquisition of a subsidiary	—	—	5	—	5
Disposals	—	—	(4,510)	—	(4,510)
At 31 March 2007 and 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	**1,916**	**7,342**	**2,406**	**1,560**	**13,224**
Accumulated depreciation and impairment losses					
At 1 April 2006	71	4,787	4,516	54	9,428
Charge for the year	374	1,423	475	375	2,647
Disposals	—	—	(4,407)	—	(4,407)
At 31 March 2007 and 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)
Disposals	(1)	—	(14)	(120)	(135)
Exchange adjustments	—	4	—	—	4
At 31 March 2008	**1,023**	**3,271**	**1,198**	**250**	**5,742**
Net book value					
At 31 March 2008	**893**	**4,071**	**1,208**	**1,310**	**7,482**
At 31 March 2007	1,456	5,224	1,708	1,074	9,462

Notes to the Financial Statements

20. GOODWILL

Group

	HK$'000
Cost	
At 1 April 2006	816
Acquisition of subsidiaries	3,174
At 31 March 2007 and 1 April 2007	3,990
Increase in shareholdings of subsidiaries	1,631
At 31 March 2008	**5,621**
Impairment	
At 1 April 2006	—
Impairment loss for the year	—
At 31 March 2007 and 1 April 2007	—
Impairment loss for the year	5,621
At 31 March 2008	**5,621**
Carrying value	
At 31 March 2008	**—**
At 31 March 2007	3,990

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to the business segments.

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

	2008 **HK$'000**	2007 HK$'000
Manufacturing and trading of automotive components	**3,973**	2,342
Securities brokerage	**1,648**	1,648
Less: Provision for impairment losses	**(5,621)**	—
	—	3,990

The recoverable amount of the CGUs is 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 are extrapolated using the estimated growth rate stated below.

Notes to the Financial Statements

20. GOODWILL *(Continued)*

Details of the parameters applied are as follows:

	Manufacturing and trading of automotive components		Securities brokerage	
	2008	2007	**2008**	2007
Discount rate	**19%**	19.3%	**17%**	17.7%
Growth rate beyond the five-year period	**3%-15%**	3% - 15%	**3%-15%**	3% - 15%

During the year, 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 accounts of the loss making situations of these businesses.

21. INTERESTS IN SUBSIDIARIES

Company

	2008 **HK$'000**	2007 HK$'000
Unlisted shares, at cost	**11**	21
Amounts due from subsidiaries	**129,087**	186,917
	129,098	186,938
Less: Provision for impairment losses	**(85,957)**	(160,702)
	43,141	26,236
Less: Amount classified as amount due from a subsidiary under current portion	**(25,700)**	(5,000)
Non-current portion	**17,441**	21,236

Movements on the provision for impairment losses are as follows:

	2008 **HK$'000**	2007 HK$'000
Balance at beginning of the year	**160,702**	126,811
Add: Impairment losses during the year	**45,424**	33,891
Less: Impairment losses released upon disposals	**(120,169)**	—
	85,957	160,702

Notes to the Financial Statements

21. INTERESTS IN SUBSIDIARIES *(Continued)*

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

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment, except those stated in current portion of HK$25,700,000 (2007: HK$5,000,000) which bears interest at prevailing Best Lending Rate and the remainings are interest-free and equity in nature. The carrying values of the amounts due from subsidiaries are approximate to their fair values.

Particulars of the subsidiaries as at 31 March 2008 are as follows:

Name	Place of incorporation and operations	Nominal value of issued and fully paid/ registered capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Basland Enterprises Ltd.	British Virgin Islands	100 ordinary shares of US$1 each	100%	100%	Investment holding
Carico (Hong Kong) Limited	Hong Kong	1 ordinary share of HK$1	—	100%	Investment holding
嘉峰投資咨詢（上海）有限公司 *(Note)*	People's Republic of China	US$99,980	—	100%	Inactive
Carico Strategic Investment Ltd	British Virgin Islands	1 ordinary share of US$1	100%	100%	Investment holding
China Automotive Resources Limited	Hong Kong	1 ordinary share of HK$1	100%	100%	Securities investment
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
Glory Era Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	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
Prime Year Investments Limited	British Virgin Islands	1 ordinary share of US$1	100%	100%	Investment holding

Notes to the Financial Statements

21. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operations	Nominal value of issued and fully paid/ registered capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Rich Pool Commercial Limited	British Virgin Islands	1 ordinary share of US$1	—	100%	Investment holding
Sky Era Limited	Hong Kong	1 ordinary share of HK$1	—	100%	General trading
Sumrise Limited	Hong Kong	1 ordinary share of HK$1	—	100%	Inactive
Unicla International Limited	Hong Kong	31,000,000 ordinary shares of HK$1 each	—	70.16%	Manufacturing and trading of automotive components
Unicla International (Japan) Limited	Japan	60 shares of YEN50,000 each	—	70.16%	Trading of automotive components

Note:

嘉峰投資咨詢(上海)有限公司 is a wholly-foreign-owned enterprise under the laws of the People's Republic of China.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	2008 HK$'000	2007 HK$'000
Unlisted investments in securities,		
At cost	**17,880**	17,880
Less: Provision for impairment losses	**(17,880)**	(1,962)
	—	15,918

The Group 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 respectively. These investments are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so wide that the directors of the Company are of the opinion that its fair value cannot be measured reliably. During the year, the directors reviewed the carrying amount of these investments with reference to their business performances and future prospects, and concluded to fully impair the carrying amount of these two investments of totally HK$15,918,000 (2007: HK$282,000) in accordance with the policy set out in note 3(e).

Notes to the Financial Statements

23. INVENTORIES

Group

	2008	2007
	HK$'000	HK$'000
Raw materials	**9,397**	4,688
Work in progress	**2,954**	2,068
Finished goods	**7,214**	1,731
	19,565	8,487

As at 31 March 2008, the carrying amount of inventories that were carried at net realisable value amounted to approximately HK$10,054,000 (2007: HK$Nil).

24. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies are unsecured, interest free and have no fixed terms for repayment. The maximum amount outstanding during the year amounted to HK$48,000 (2007: HK$48,000).

25. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**6,002**	12,345	**—**	—
Deposits and prepayments	**6,756**	1,999	**5,477**	91
Other receivables	**1,025**	620	**394**	84
	13,783	14,964	**5,871**	175

Notes to the Financial Statements

25. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Included in the balances are trade receivables with an aged analysis as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 3 months *(Note)*	**6,002**	11,619	**—**	—
Between 3 and 6 months	**—**	573	**—**	—
Over 6 months	**—**	153	**—**	—
	6,002	12,345	**—**	—

Note:

Included an amount of HK$3,384,000 (2007: HK$6,751,000) attributable to securities brokerage business with settlement terms at two trade days after the trade date.

Trading terms with customers are either on a cash basis or credit. For those customers who trade on credit, the Group has policies of allowing an average credit period of 30 to 180 days to its trade customers and may be extended to selected customers depending on their trade volumes. 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.

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

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

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 3 months	**98**	1,095	**—**	—
Between 3 and 6 months	**—**	573	**—**	—
Over 6 months	**—**	153	**—**	—
	98	1,821	**—**	—

Receivables that were past due but not impaired relate 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.

Notes to the Financial Statements

26. CASH AND BANK BALANCES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**14,479**	16,986	**167**	2,960
Short-term bank deposits	**64,599**	91,370	**63,948**	84,058
	79,078	108,356	**64,115**	87,018

One of the subsidiaries maintains trust bank accounts with an authorised institution in the normal course of business. As at 31 March 2008, trust bank balances not dealt with in these financial statements amounted to HK$1,283,000 (2007: HK$3,346,000).

As at 31 March 2008, the interest rate on short-term deposits ranged from 0.6% to 2.27% (2007: 2.30% to 4.24%).

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**4,173**	8,487	**—**	—
Other payables and accruals	**2,109**	2,323	**787**	566
	6,282	10,810	**787**	566

Included in the balances are trade payables with an aged analysis as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 3 months *(Note)*	**4,173**	8,368	**—**	—
Over 6 months	**—**	119	**—**	—
	4,173	8,487	**—**	—

Note:

Included an amount of HK$2,670,000 (2007: HK$6,793,000) attributable to securities brokerage business with settlement terms at two trade days after the trade date.

Except for certain client payables in respect of the securities brokerage business which bear interest at rates approximate to prevailing market saving rates, the balances of trade payables are non-interest bearing. The carrying amounts of the payables are approximate to their fair values.

Notes to the Financial Statements

28. SHARE CAPITAL

		2008		2007	
		No. of shares		No. of shares	
	Note	**'000**	**HK$'000**	'000	HK$'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		**1,713,875**	**17,139**	828,871	8,289
Issue of new shares pursuant to open offer	(a)	**—**	**—**	829,551	8,295
Exercise of share options	(b)	**116,546**	**1,165**	55,453	555
At end of the year					
Ordinary shares of HK$0.01 each		**1,830,421**	**18,304**	1,713,875	17,139

Note:

(a) Subscriptions of new shares

On 13 September 2006, the Company issued 829,550,864 ordinary shares of HK$0.01 each at the subscription price of HK$0.12 per share pursuant to the open offer on the basis of one offer share for every share held on 23 August 2006.

All the new ordinary shares issued during last year ranked pari passu in all respects with the then existing ordinary shares of the Company.

(b) Exercise of share options

During the year, 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. Amount of HK$8,398,000 was transferred from share option reserve account to share premium account.

During last year, options to subscribe for 55,453,432 ordinary shares were exercised. The consideration received was HK$6,378,316 of which HK$554,534 was credited to share capital account and the balance of HK$5,823,782 was credited to the share premium account. HK$1,980,000 was transferred from share option reserve account to share premium account.

All the new ordinary shares issued during these two years ranked pari passu in all respects with the then existing ordinary shares of the Company.

Notes to the Financial Statements

29. 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 2006	66,299	241	15,506	1,868	803	2,956	(31,067)	56,606
Issue of new shares	91,250	—	—	—	—	—	—	91,250
Proceeds from shares issued upon exercise of share options	5,824	—	—	—	—	—	—	5,824
Exercise of share options	1,980	—	—	—	—	(1,980)	—	—
Issue of share options	—	—	—	—	—	7,606	—	7,606
Exchange difference on translation of the financial statements of foreign subsidiaries	—	13	—	—	—	—	—	13
Loss for the year	—	—	—	—	—	—	(32,544)	(32,544)
At 31 March 2007 and 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)	—	—
Issue of share options	—	—	—	—	—	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	**196,161**	**82**	**15,506**	**1,868**	**—**	**6,147**	**(124,754)**	**95,010**

Notes to the Financial Statements

29. 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 2006	66,299	15,506	1,868	2,956	(70,137)	16,492
Issue of new shares	91,250	—	—	—	—	91,250
Proceeds from shares issued upon exercise of share options	5,824	—	—	—	—	5,824
Exercise of share options	1,980	—	—	(1,980)	—	—
Issue of share options	—	—	—	7,606	—	7,606
Loss for the year	—	—	—	—	(25,448)	(25,448)
At 31 March 2007 and 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)	—	—
Issue of share options	—	—	—	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	**196,161**	**15,506**	**1,868**	**6,147**	**(125,646)**	**94,036**

Note:

(a) **Share premium**

The application of share premium account is governed by Section 40 of 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**

The capital redemption reserve represents the amount equivalent to the nominal value of the shares cancelled which was transferred from retained profits upon repurchase of own shares.

(e) **Enterprises development reserve**

The enterprises development reserve was arisen from a subsidiary in order to satisfy the relevant rules stipulated by the state. Such reserve was released upon disposal of the subsidiary during the year.

Notes to the Financial Statements

29. RESERVES *(Continued)*

(f) Share option reserve

The share option reserve comprises the fair value of the actual or estimated number of unexercised share options granted by the Company.

The Company has no reserves available for distribution as at 31 March 2008 (2007: HK$ Nil).

30. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Increase in shareholdings of subsidiaries

(i) On 15 August 2007, the Group acquired 2,500,000 shares of Unicla International Limited ("UIL") 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.

(ii) On 4 January 2007, the Group subscribed for 6,000,000 shares of UIL at the consideration of HK$6,000,000 which increased the Group's equity interest therein from 53% to 62.1% and at a goodwill of approximately HK$1,526,000.

(b) Acquisition of subsidiaries

On 7 June 2006, the Group completed the acquisition of the entire issued share capital of Infast Brokerage Limited ("Infast") from an independent third party, Infast was engaged in the provision of securities brokerage services, for a cash consideration of approximately HK$9,193,000, which gave rise to a goodwill amounting to approximately HK$1,648,000. The goodwill arising on the acquisition of Infast is attributable to the anticipated profitability of the securities brokerage business. The acquired business contributed revenue of HK$1,247,000 and net loss of HK$2,396,000 to the Group for the period from acquisition to 31 March 2007. If the acquisition had occurred on 1 April 2006, the acquired business would contribute revenue of HK$1,537,000 and net loss of HK$2,717,000 to the Group. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2006, nor is it intended to be a projection of the Group's future results.

	2008 HK$'000	2007 HK$'000
The carrying amounts and fair values of net assets acquired:		
Property, plant and equipment	—	5
Other operating assets	—	205
Trade and other receivables	—	1,776
Cash and bank balances	—	6,814
Trade and other payables	—	(1,255)
Goodwill on acquisition	—	1,648
	—	9,193
Satisfied by:		
Cash consideration	—	9,193
Net cash outflow arising on acquisition:		
Cash consideration paid	—	(9,193)
Cash and bank balances acquired	—	6,814
	—	(2,379)

30. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(c) Disposal of subsidiaries

	2008 **HK$'000**	2007 HK$'000
Net assets disposed of:		
Property, plant and equipment	**694**	—
Trade and other receivables	**1,790**	—
Cash and bank balances	**115**	—
Trade and other payables	**(246)**	(5)
Release of exchange reserve	**(235)**	—
Release of enterprises development reserve	**(803)**	—
	1,315	(5)
(Loss) / gain on disposal of subsidiaries	**(532)**	5
	783	—
Satisfied by:		
Cash consideration	**783**	—
Net cash inflow arising on disposal:		
Cash consideration received	**783**	—
Cash and cash equivalents disposed of	**(115)**	—
Net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**668**	—

Notes to the Financial Statements

31. 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 directors) 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 have 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 have 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.

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 schemes of the Group) to be granted under the Scheme and any other share option schemes 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 the Scheme was 347,022,120, which represented approximately 18.96% of the issued share capital of the Company on that date.

Notes to the Financial Statements

31. SHARE OPTION SCHEME *(Continued)*

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 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 schemes 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.

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 of the Company, 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.

Notes to the Financial Statements

31. 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 share options: Outstanding as at 1 April 2007	Granted during the year (Note b)	Exercised during the year	Lapsed during the year	Cancelled during the year	Re-classified during the year (Note c)	Outstanding as at 31 March 2008	Exercise period (Note d)	Exercise price per option HK$	Weighted average closing price of the shares immediately before the dates on which the options were exercised HK$
Directors											
Yip Chi Chiu	23/08/2007	—	16,400,000	—	—	—	—	16,400,000	23/08/2008 – 22/08/2017	0.23	—
Lo Wing Yat	23/08/2007	—	14,600,000	—	—	—	—	14,600,000	23/08/2008 – 22/08/2017	0.23	—
Leung Chung Tak Barry	23/08/2007	—	14,600,000	—	—	—	—	14,600,000	23/08/2008 – 22/08/2017	0.23	—
So George Siu Ming	23/08/2007	—	14,600,000	—	—	—	—	14,600,000	23/08/2008 – 22/08/2017	0.23	—
Wong Kwok Kuen	23/08/2007	—	3,600,000	—	—	—	—	3,600,000	23/08/2008 – 22/08/2017	0.23	—
Chak Chi Man	23/08/2007	—	3,600,000	—	—	—	—	3,600,000	23/08/2008 – 22/08/2017	0.23	—
Chan Yuk Tong	23/08/2007	—	1,800,000	—	—	—	—	1,800,000	23/08/2008 – 22/08/2017	0.23	—
Fei Tai Hung	23/08/2007	—	1,800,000	—	—	—	—	1,800,000	23/08/2008 – 22/08/2017	0.23	—
Tse Kam Fow	23/08/2007	—	1,800,000	—	—	—	—	1,800,000	23/08/2008 – 22/08/2017	0.23	—
Employees	21/12/2005	491,513	—	(491,513)	—	—	—	—	21/12/2005 – 20/12/2015	0.11486	0.70
	20/10/2006	60,280,000	—	(58,280,000)	(100,000)	(800,000)	(1,000,000)	100,000	20/10/2006 – 19/10/2016	0.242	0.652
	23/08/2007	—	8,680,000	—	(100,000)	—	—	8,580,000	23/08/2008 – 22/08/2017	0.23	—
	15/11//2007	—	5,400,000	—	—	—	—	5,400,000	15/11/2008 – 14/11/2017	0.206	—
Suppliers	21/12/2005	23,959,410	—	(23,959,410)	—	—	—	—	21/12/2005 – 20/12/2015	0.11486	0.70
	20/10/2006	7,360,000	—	(7,360,000)	—	—	—	—	20/10/2006 – 19/10/2016	0.242	0.70
Others	21/12/2005	11,955,129	—	(11,955,129)	—	—	—	—	21/12/2005 – 20/12/2015	0.11486	0.70
	20/10/2006	14,500,000	—	(14,500,000)	—	—	—	—	20/10/2006 – 19/10/2016	0.242	0.70
	20/10/2006	—	—	—	—	—	1,000,000	1,000,000	20/10/2006 – 04/04/2008	0.242	—
	23/08/2007	—	29,200,000	—	—	(200,000)	—	29,000,000	23/08/2008 – 22/08/2017	0.23	—
		118,546,052	116,080,000	(116,546,052)	(200,000)	(1,000,000)	—	116,880,000			
Exercisable as at 31 March 2008								1,100,000		0.242	

Notes to the Financial Statements

31. SHARE OPTION SCHEME *(Continued)*

Details of the options and movements in such holdings during the year ended 31 March 2007 are as follows:

		Number of options (adjusted as appropriate)									
Category of participants	**Date of grant**	**Outstanding as at 1 April 2006**	**Adjustments***	**Re-classified during the year (Note e)**	**Granted during the year (Note f)**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 31 March 2007**	**Exercise period (Notes d, e & g)**	**Exercise price per option HK$**	**Weighted average closing price of the shares immediately before the dates on which the options were exercised HK$**
Directors											
Zu Yuan	21/12/2005	8,280,000	—	(8,280,000)	—	—	—	—	21/12/2005 – 20/12/2015	0.128	—
Tung Tat Chiu Michael	21/12/2005	1,000,000	(1,000,000)	—	—	—	—	—	21/12/2005 – 20/12/2015	0.128	—
		—	1,114,391	(1,114,391)	—	—	—	—		0.11486*	—
	20/10/2006	—	—	(1,000,000)	1,000,000	—	—	—	20/10/2006 – 19/10/2016	0.242	—
Sun Yeung Yeung	21/12/2005	4,140,000	(4,140,000)	—	—	—	—	—	21/12/2005 – 20/12/2015	0.128	—
		—	4,613,579	(4,613,579)	—	—	—	—		0.11486*	—
Employees	21/12/2005	23,040,000	(22,360,000)	—	—	(680,000)	—	—	21/12/2005 – 20/12/2015	0.128	0.240
		—	24,917,785	—	—	(24,091,955)	(334,317)	491,513		0.11486*	0.240
	20/10/2006	—	—	—	61,080,000	—	(800,000)	60,280,000	20/10/2006 – 19/10/2016	0.242	—
Suppliers	21/12/2005	21,500,000	(21,500,000)	—	—	—	—	—	21/12/2005 – 20/12/2015	0.128	—
			23,959,410	—	—	—	—	23,959,410		0.11486*	—
	20/10/2006	—	—	—	7,360,000	—	—	7,360,000	20/10/2006 – 19/10/2016	0.242	—
Others	15/04/2004 – 23/08/2004	4,936,615	—	—	—	—	(4,936,615)	—	15/04/2004 – 22/06/2014	0.70-0.73	—
	24/08/2004 – 31/12/2004	1,527,795	—	—	—	—	(1,527,795)	—	24/08/2004 – 24/06/2014	0.54	—
	21/12/2005	24,840,000	(33,120,000)	8,280,000	—	—	—	—	21/12/2005 – 20/12/2015	0.128	—
			36,908,636	—	—	(27,681,477)	—	9,227,159		0.11486*	0.240
	21/12/2005	—	—	1,114,391	—	—	—	1,114,391	21/12/2005 – 21/11/2007	0.11486*	—
	21/12/2005	—	—	4,613,579	—	(3,000,000)	—	1,613,579	21/12/2005 – 26/11/2007	0.11486*	0.240
	20/10/2006	—	—	—	13,500,000	—	—	13,500,000	20/10/2006 – 19/10/2016	0.242	—
	20/10/2006	—	—	1,000,000	—	—	—	1,000,000	20/10/2006 – 21/11/2007	0.242	—
		89,264,410	9,393,801	—	82,940,000	(55,453,432)	(7,598,727)	118,546,052			
Exercisable as at 31 March 2007								36,406,052		0.11486*	
Exercisable as at 31 March 2007								82,140,000		0.242	

Notes to the Financial Statements

31. SHARE OPTION SCHEME *(Continued)*

Notes:

(a) Number of options refers to the number of underlying shares in the Company covered by the options under the Scheme.

(b) Options to subscribe for 110,680,000 and 5,400,000 shares of the Company were granted on 23 August 2007 and 15 November 2007 respectively. The closing prices of the shares immediately before the dates on which the 110,680,000 and 5,400,000 options were granted were HK$0.207 and HK$0.202 respectively.

(c) 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.

(d) The options granted on 21 December 2005 and 20 October 2006 are fully vested and exercisable from the date of grant. The options granted on 23 August 2007 are vested in three tranches over a period of two years from the date of grant. The options granted on 15 November 2007 are vested in three tranches over a period of three years from the date of grant.

(e) Mr. Zu Yuan resigned as an executive director of the Company on 9 May 2006 but remained as a director of a subsidiary of the Company. Mr. Tung Tat Chiu Michael resigned as a non-executive director of the Company on 22 November 2006. Mr. Sun Yeung Yeung resigned as an executive director of the Company on 27 November 2006. The exercise periods of the options of Mr. Tung and Mr. Sun were extended for twelve months as approved by the board of directors of the Company. The options of Mr. Zu, Mr. Tung and Mr. Sun were re-classified from the category of "Directors" to the category of "Others" during the year.

(f) Options to subscribe for 82,940,000 shares of the Company were granted on 20 October 2006. The closing price of the shares immediately before the date on which the options were granted was HK$0.246.

(g) The options granted during the periods from 15 April 2004 to 23 August 2004 and from 24 August 2004 to 31 December 2004 were fully vested and exercisable from the date of grant.

(h) No options were cancelled during the year ended 31 March 2007.

(i) The weighted average of the fair values of the options granted on 20 October 2006, 23 August 2007 and 15 November 2007 are HK$0.0917, HK$0.11285 and HK$0.1586 respectively.

The fair values were calculated using the Binomial Option-Pricing Model. The inputs into the model were as follows:

	Options granted on 15 November 2007	**Options granted on 23 August 2007**	**Options granted on 20 October 2006**
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.

(j) The Group recognised total expenses of HK$6,046,000 for the year ended 31 March 2008 (2007: HK$7,606,000) in relation to the options granted by the Company.

(k) Options to subscribe for 116,546,052 shares (2007: 55,453,432 shares) of the Company were exercised during the year. The weighted average share price at the date of exercise for share options exercised during the year was HK$0.59 (2007: HK$0.24).

* *The number of options and the corresponding exercise price have been adjusted as a result of the open offer completed in September 2006.*

Notes to the Financial Statements

32. COMMITMENTS

(a) Capital commitments

	Group	
	2008	2007
	HK$'000	HK$'000
Capital expenditure contracted but not provided for		
in respect of contribution to:		
a joint venture company in PRC	**21,645**	—
a wholly foreign owned subsidiary	**—**	780
	21,645	780

Further details of this investment were stated in the Company's announcement dated 21 January 2008 and the Management Discussion and Analysis section of this annual report.

(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	
	2008	2007
	HK$'000	HK$'000
Within one year	**1,103**	2,116
In the second to fifth years, inclusive	**86**	309
	1,189	2,425

Leases are negotiated for terms around one to three 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

33. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) *Transactions with related and connected parties*

(i) As at 31 March 2008, the Group had nil balance with related companies (2007: HK$48,000).

(ii) During the year, the Group paid salaries and retirement benefits schemes contributions of HK$147,000 (2007: HK$4,455,000) to related parties for their employments with subsidiaries of the Group.

(iii) During the year, the Group's sales of automotive compressors to a connected party amounted to HK$3,960,000 (2007: HK$2,188,000). Details of this transaction are set out in the Directors' Report under "Connected Transactions" section.

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

(b) *Key management personnel compensation*

Emoluments of key management personnel are disclosed in Note 17 to the financial statements.

34. COMPARATIVE FIGURES

As explained in note 18, the Group disposed of its operations engaged in the provision of logistics services and the trading of electronic components business. The accounting treatment and presentation in the financial statements of last financial year has been restated to comply with the relevant requirements. Accordingly, certain comparative figures have been reclassified to confirm with the current year's presentation.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 27 June 2008.