Thunder Sky Battery Limited
中聚雷天電池有限公司

(Formerly known as Jia Sheng Holdings Limited 嘉盛控股有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code : 729)

Contents

Corporate Information

BOARD OF DIRECTORS

Executive directors:
Mr. Yip Chi Chiu
(Deputy Chairman and Chief Executive Officer)
Mr. Chung Hing Ka
(Deputy Chairman and Chief Technical Officer)
Mr. Miao Zhenguo
(Chief Operating Officer)
Mr. Lo Wing Yat

Independent Non-executive directors:
Mr. Chan Yuk Tong
Mr. Fei Tai Hung
Mr. Tse Kam Fow

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. Miao Zhenguo
Mr. Lo Wing Yat

AUTHORISED REPRESENTATIVES

Mr. Yip Chi Chiu
Mr. So George Siu Ming

COMPANY SECRETARY

Mr. So George Siu Ming

INDEPENDENT AUDITOR

CCIF CPA Limited

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Bermuda law:
Conyers Dill & Pearman

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

729

WEBSITE

www.thunder-sky.com.hk

Group Financial Summary

A summary of the results and of the assets, liabilities and minority interests of Thunder Sky Battery Limited (the "Company") and its subsidiaries (collectively the "Group") for the five financial years ended 31 March 2010, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

	Year ended 31 March				
	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000
Loss attributable to equity holders of the Company	**(14,093)**	(72,155)	(61,226)	(32,544)	(77,136)
Total assets	**329,920**	75,265	120,138	161,430	79,933
Total liabilities	**(2,126)**	(4,967)	(6,298)	(10,890)	(5,052)
Net assets	**327,794**	70,298	113,840	150,540	74,881
Minority interests	**—**	—	(526)	(4,646)	(9,986)
Equity attributable to equity holders of the Company	**327,794**	70,298	113,314	145,894	64,895

Management Discussion and Analysis

BUSINESS REVIEW

During the year under review, the Group recorded a turnover of approximately HK$15.8 million, representing a decrease of approximately 55.9% when compared to that of the last financial year. The Group narrowed its loss for the year from approximately HK$72.7 million in the last financial year to approximately HK$14.1 million this year. The substantial reduction in loss was primarily attributable to (i) the decrease in staff costs (decreased to approximately HK$10.2 million from approximately HK$37.0 million in the last financial year); (ii) the reduction in other operating expenses (decreased to approximately HK$5.6 million from approximately HK$14.8 million in the last financial year); and (iii) a gain of approximately HK$3.8 million on dilution of interest in a jointly controlled entity (nil for last financial year).

During the year under review, the Group had reduced exposure to the stock trading for prudence sake and hence turnover derived from securities investment had a substantial drop of approximately 64.8% when compared to that of approximately HK$33.9 million in the last financial year. Turnover derived from securities brokerage during the year under review amounted to approximately HK$0.9 million, which is slightly higher than that of last financial year (i.e. approximately HK$0.7 million). With a view to improving the overall financial performance, the Group had some general trading activities during the year under review which recorded a turnover of approximately HK$2.7 million.

In respect of the Group's investment in 密之雲（北京）呼叫產業基地有限公司 (Mizhiyun (Beijing) Communication Company Limited) (the "JV Company") in the People's Republic of China (the "PRC"), the Group entered into a supplemental joint venture contract with the two PRC joint venture partners on 2 August 2009 pursuant to which, among others, the JV Company's registered capital increased from RMB50,000,000 to RMB100,000,000 and the additional capital contribution was made by one of the PRC joint venture partners and hence the Group's interest in the JV Company was diluted from 39.0% to 19.5%. After further reviewing the Group's strengths and the business prospect of the JV Company, the Group entered into a sale and purchase agreement on 10 June 2010 with a PRC joint venture partner to dispose of its entire interest in the JV Company and a shareholder's loan due to the Group for a consideration of HK$30 million.

VERY SUBSTANTIAL ACQUISITION

On 23 December 2009, the Group entered into a letter of intent with Mr. Chung Hing Ka ("Mr. Chung") and Mr. Miao Zhenguo ("Mr. Miao") acting on behalf of themselves and the other vendors in relation to the Acquisition (as defined below). On 18 January 2010, Qiyang Limited, a wholly-owned subsidiary of the Company (the "Purchaser"), entered into a sale and purchase agreement (the "Acquisition Agreement") with Mei Li New Energy Limited ("Mei Li New Energy"), which is beneficially owned by Mr. Chung, as the first vendor, Union Ever Holdings Limited ("Union Ever"), which is beneficially owned by Mr. Miao, as the second vendor, Silver Ride Group Limited as the third vendor, Glorious China Investments Limited as the fourth vendor, Long Hing International Limited as the fifth vendor, Idea Lab Capital Co., Ltd as the sixth vendor (collectively the "Vendors"), the Company as the guarantor of the Purchaser, Mr. Chung as the guarantor of Mei Li New Energy and Mr. Miao as the guarantor of Union Ever to acquire the entire interest in Union Grace Holdings Limited ("Union Grace") together with its wholly-owned subsidiary, Thunder Sky Energy Technology Limited ("Thunder Sky (HK)", together with Union Grace, collectively, the "Target Group") at a consideration (the "Consideration") of HK$2,750 million (the "Acquisition").

Pursuant to a deed dated 18 January 2010 and a deed dated 12 February 2010 (collectively, the "Patent License Deed"), Thunder Sky Battery Technology Limited ("Thunder Sky Battery") and Mr. Chung (collectively the "Patent Licensors") agreed to grant to Thunder Sky (HK) patents owned by or licensed to the Patent Licensors that relate to Lithium-based battery products and their related products (the "Electric Battery Products"), which can be applied to electric vehicles and power storage systems, other than such Electric Battery Products with unit capacities of less than 200AH. Pursuant to this arrangement, the Group will be able to commence the production of the Electric Battery Products, upon completion of the Acquisition, which took place on 25 May 2010 (the "Completion Date"). Mr. Chung, Mr. Miao, Mei Li New Energy and Union Ever have jointly and severally guaranteed to the Group that the audited profit after tax and exceptional items but before amortisation accruing to the Target Group in respect of the period commencing on the Completion Date and ending on the day before the first anniversary of the Completion Date shall not be less than HK$150,000,000. Details of the Acquisition are set out in the circular dated 3 May 2010 (the "Circular").

On 18 January 2010, Thunder Sky (HK) entered into a supply contract (the "Master Supply Agreement") with 深圳市雷天電動車動力總成有限公司 (Shenzhen Thunder Sky Electric Vehicles Limited*) and 深圳市雷天電源技術有限公司 (Shenzhen Thunder Sky Battery Technology Limited*), both companies incorporated in the PRC and indirectly wholly-owned by Mr. Chung (collectively the "PRC Operating Companies"), pursuant to which the PRC Operating Companies agreed to manufacture and supply to Thunder Sky (HK) the Electric Battery Products in accordance with the requirements of Thunder Sky (HK) (the "Transactions").

Management Discussion and Analysis

SUBSCRIPTION OF NEW SHARES

On 18 January 2010, the Company entered into a subscription agreement with Jade Time Investments Limited (the "Subscriber"), being a company indirectly and wholly owned by Mr. Li Ka-shing, pursuant to which the Company would issue, and the Subscriber would subscribe and/or procure the subscription by any of its affiliates (as defined in the Circular) for, 400,000,000 new shares of the Company at a price of HK$0.73 per share (the "Subscription"). Completion of the Subscription is subject to, among others, the completion of the Acquisition. Details of the Subscription are set out in the Circular. The completion of the Subscription took place on 31 May 2010.

PLACING OF NEW SHARES

On 17 January 2010, the Company entered into a placing agreement with a placing manager pursuant to which the Company successfully placed 366,084,242 new shares at a price of HK$0.73 per share under the general mandate. The net proceeds from such placing amount to approximately HK$262.5 million, which will be used as general working capital of the Group.

PROSPECTS AND FUTURE PLAN OF THE GROUP

Looking forward, the management will focus its resources on the new business of Electric Battery Products, in particular, to build its own production premises and to expand its sale network to boost its sales to the optimal level.

In the meantime, the Group will continue to review its existing businesses from time to time and strive to improve the business operation and financial position of the Group. The objective of the Group is to establish a solid platform to invest in business sectors providing high and healthy growth through acquisition and development of projects with promising future. The Group will on one hand review, improve and develop its existing businesses, 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 2010, the Group had (i) non-current assets of approximately HK$20.2 million, which mainly comprised available-for-sale financial asset, and property, plant and equipment; and (ii) current assets of approximately HK$309.7 million, which comprised trade and other receivables, and cash and bank balances. As of 31 March 2010, the Group had no borrowings and recorded net cash of approximately HK$304.4 million.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions were mainly denominated in Hong Kong dollars and had no significant exposure to fluctuations in exchange rates during the year under review.

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the proposed acquisition of the Target Group, the Group had no material acquisitions or disposals of subsidiaries or associated companies during the year ended 31 March 2010.

Management Discussion and Analysis

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2010, the Group did not pledge any kind of assets and had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2010, the Group had 25 employees in Hong Kong. Total staff costs (including directors' emoluments and equity settled share-based payments) during the year amounted to approximately HK$10.2 million (2009: approximately HK$37.0 million). The remuneration policies are determined with reference to market conditions and individual performance of staff. The Group participates in Mandatory Provident Fund Scheme in Hong Kong. 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 2010, the Group had conditional capital commitment of approximately HK$2,750 million in relation to the Acquisition (31 March 2009: nil).

* *For identification only*

Biographies of Directors and Senior Management

Mr. Yip Chi Chiu ("Mr. Yip")
Deputy Chairman, Executive Director & Chief Executive Officer

Mr. Yip, aged 51, is an executive director, Deputy Chairman and Chief Executive Officer of the Company. He is also a member and chairman of the Executive Committee of the Company, a member of the Remuneration Committee and an authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He holds directorships in various subsidiaries of the Company. Mr. Yip is currently a director and Chief Executive Officer of Asset Managers (Asia) Company Limited ("AMAC"), which he owns 30% indirectly. He was in charge of setting up AMAC in 2004 and is responsible for the formulation of the overall policy, corporate planning and business development and the overall strategic direction of AMAC. 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 and the Deputy General Manager of The Long-Term Credit Bank of Japan, Limited (now known as Shinsei Bank, Limited) – Hong Kong Branch. He is currently an executive director of CIAM Group Limited (Stock Code: 378), a listed company in Hong Kong. Mr. Yip was appointed to the Board on 9 May 2006.

Mr. Chung Hing Ka ("Mr. Chung")
Deputy Chairman & Chief Technical Officer

Mr. Chung, aged 51, has been appointed as an executive director, Deputy Chairman and Chief Technical Officer of the Company with effect from 25 May 2010. He is the inventor of the Electric Battery Products (as defined in the circular of the Company dated 3 May 2010) and the related technology. He is the ultimate beneficial shareholder and a director of Thunder Sky Holdings Limited (中聚雷天控股有限公司) and the chairman and chief technical controller of 深圳市雷天電源技術有限公司 (Shenzhen Thunder Sky Battery Technology Limited*). Shenzhen Thunder Sky Battery Technology Limited is a company principally engaged in the production and sale of rechargeable Lithium-ion batteries. Mr. Chung is also the chairman and general manager of 深圳市雷天電動車動力總成有限公司 (Shenzhen Thunder Sky Electric Vehicles Limited*), which is principally engaged in the manufacturing and sale of the power generation systems in electric vehicles.

Mr. Chung has over 12 years of experience in the research and development of rechargeable Lithium-ion batteries. He obtained and filed the patent registrations in relation to the production and design of the Electric Battery Products in the PRC and the United States. Mr. Chung also specializes in the rechargeable battery system for use in electric vehicles.

As at the date of this annual report, Mr. Chung was deemed to have corporate interest in 321,241,975 shares of the Company and 5,178,758,030 underlying shares of unlisted equity derivatives of the Company, representing approximately 9.1% and 147.3% of the issued share capital of the Company respectively, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Such corporate interests represent the interests in 5,500,000,005 shares and the underlying shares of the unlisted equity derivatives of the Company held by Mei Li New Energy Limited, which is beneficially owned by Mr. Chung and of which Mr. Chung is a director.

Biographies of Directors and Senior Management

Mr. Miao Zhenguo ("Mr. Miao")
Chief Operating Officer

Mr. Miao, aged 50, has been appointed as an executive director and Chief Operating Officer of the Company, and a member of the Executive Committee of the Company with effect from 25 May 2010. He holds directorships in various subsidiaries of the Company. He is currently a director of Thunder Sky Holdings Limited (中聚雷天控股有限公司) and the general manager of 深圳市中聚雷天新能源科技有限公司 (Shenzhen Thunder Sky New Energy Technology Limited*), the subsidiaries of which are principally engaged in the production and sale of rechargeable Lithium-ion batteries. Mr. Miao graduated from Zhejiang University with a 化學工程學士學位 (Bachelor of Chemical Engineering degree*). He has over 10 years of experience in project management, sales and marketing and product development.

As at the date of this annual report,, Mr. Miao is deemed to have corporate interest in 213,900,143 shares of the Company and 3,573,599,855 underlying shares of the unlisted equity derivatives of the Company, representing approximately 6.1% and 101.7% of the issued share capital of the Company respectively within the meaning of Part XV of the SFO. Such corporate interests represent the interests in 3,787,499,998 shares and underlying shares of the unlisted equity derivatives of the Company held by Union Ever Holdings Limited, which is beneficially owned by Mr. Miao and of which Mr. Miao is a director.

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

Mr. Lo, aged 51, is an executive director of the Company and a member of the Executive Committee of the Company. He is currently a director and Chief Executive Officer of CITIC International Assets Management Limited ("CIAM"). Mr. Lo is also a director, Executive Vice-chairman and Chief Executive Officer of CIAM Group Limited (Stock Code: 378), a subsidiary of CIAM, a non-executive director of China Fortune Holdings Limited (Stock Code: 110) and an independent non-executive director of Winteam Pharmaceutical Group Limited (Stock Code: 570), all being companies whose shares are listed on the Stock Exchange. He was a non-executive director of Longlife Group Holdings Limited (Stock Code: 8037), the shares of which are listed on the Stock Exchange, from 25 November 2005 to 8 April 2010. He is also a director and a Managing Director of CITIC International Financial Holdings Limited ("CIFH"), whose shares have been withdrawn from listing on the Stock Exchange since 5 November 2008. 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 was a partner of Linklaters. Mr. Lo was appointed to the Board on 22 November 2006.

Biographies of Directors and Senior Management

Mr. Chan Yuk Tong ("Mr. Chan")
Independent Non-executive Director

Mr. Chan, aged 48, is an independent non-executive director of the Company. He is also a member and chairman of the Audit Committee and Remuneration Committee of the Company. He is currently an executive director of Asia Cassava Resources Holdings Limited (Stock Code: 841), a non-executive director of Vitop Bioenergy Holdings Limited (Stock Code: 1178), 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), Sichuan Xinhua Winshare Chainstore Co., Ltd. (Stock Code: 811) and Ausnutria Dairy Corporation Ltd ("Ausnutria") (Stock Code: 1717), companies whose shares are listed on the Stock Exchange. He is also an independent non-executive director of Anhui Conch Cement Company Limited (Stock Code: 914), a company whose shares are listed on the Stock Exchange and the Shanghai Stock Exchange. Mr. Chan has been appointed as an independent non-executive director of Great Wall Motor Company Limited (Stock Code: 2333), a Hong Kong-listed company, with effect from 18 May 2010. He has been appointed as an independent non-executive director of Trauson Holdings Company Limited ("Trauson") (Stock Code: 325) with effect from 10 June 2010. The shares of Trauson have been listed on the Stock Exchange since 29 June 2010. Mr. Chan obtained a bachelor's degree in Commerce from the University of Newcastle in Australia and a master's degree in Business Administration from the Chinese University of Hong Kong. He joined Ernst & Young in 1988 and was appointed an audit principal in 1994. Mr. Chan is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He has over 20 years of experience in auditing, accounting, management consultancy and financial advisory services. Mr. Chan was appointed to the Board on 22 November 2006.

Mr. Fei Tai Hung ("Mr. Fei")
Independent Non-executive Director

Mr. Fei, aged 62, is an independent non-executive director of the Company and a member of the Audit Committee and Remuneration Committee of the Company. He obtained a bachelor's degree in Applied Science from the Queen's University in Canada and a master's degree from Imperial College London in the United Kingdom. Mr. Fei started his banking career at the Royal Bank of Canada in 1980. He has also worked for Bankers Trust Company and Credit Agricole Indosuez. Mr. Fei is also a co-founder of United Capital Ltd., a company specialising in providing financial advisory services to clients in both Hong Kong and the PRC. He has over 20 years of experience in investment and finance. Mr. Fei was appointed to the Board on 22 June 2007.

Mr. Tse Kam Fow ("Mr. Tse")
Independent Non-executive Director

Mr. Tse, aged 50, is an independent non-executive director of the Company and a member of the Audit Committee and Remuneration Committee of the Company. He is currently a non-executive director of Mainland Headwear Holdings Limited (Stock Code: 1100), a company whose shares are listed on the Stock Exchange. Mr. Tse graduated from The Hong Kong Polytechnic University and is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He is a certified public accountant practising in Hong Kong with wide experience in most areas of accounting, taxation and audit. Mr. Tse's practice also includes corporate consulting and investment advisory work, specialising in management consulting, business restructuring, corporate mergers and acquisitions, leveraged buyouts, direct investments and joint ventures and advising on projects throughout the PRC, Hong Kong, Taiwan and Singapore. Mr. Tse has worked at senior positions for over 10 years in several Hong Kong-listed companies and was 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.

Biographies of Directors and Senior Management

Mr. So George Siu Ming ("Mr. So")
Chief Financial Officer & Company Secretary

Mr. So, aged 52, is the Chief Financial Officer and the Company Secretary of the Company. He is also an authorised representative of the Company under Rule 3.05 of the Listing Rules and the authorised representative of the Company for accepting service of process and notices in Hong Kong on behalf of the Company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Mr. So resigned as the Chief Operating Officer of the Company on 25 May 2010. He also resigned as an executive director and a member of the Executive Committee of the Company on 1 July 2010. Mr. So is a director of various subsidiaries of the Company. He is also the Chief Operating Officer and Chief Financial Officer of AMAC. Mr. So was an independent non-executive director of Honbridge Holdings Limited (formerly known as Jessica Publications Limited) (Stock Code: 8137), a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange, from 4 September 2001 to 15 October 2007. Mr. So obtained a Bachelor of Arts degree from the University of Toronto in Canada and a Master of Science degree in Finance from the Chinese University of Hong Kong. He is an associate member of the Canadian Institute of Chartered Accountants and the Society of Management Accountants of Canada, and a fellow member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in auditing, accounting and finance areas. Mr. So joined the Group in 2007.

The directors' interests in shares or underlying shares of the Company within the meaning of Part XV of the SFO as at 31 March 2010 are set out in the section headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" in the Directors' Report contained in this annual report.

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

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

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

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

The details of the directors' emoluments for the year ended 31 March 2010 on a named basis are disclosed in Note 16 to the financial statements.

* *for identification only*

Directors' Report

The directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2010.

CHANGE OF COMPANY NAME

The change of the name of the Company from "Jia Sheng Holdings Limited" to "Thunder Sky Battery Limited" and the adoption of the Chinese name "中聚雷天電池有限公司" as the secondary name of the Company in place of the Chinese name "嘉盛控股有限公司" have become effective from 27 May 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. As a result of the Acquisition (as defined in the section heading "Connected Transactions and Continuing Connected Transactions" below), the Group is currently principally engaged in production, sale and distribution of electric battery products, securities dealing and investment, provision of securities brokerage services and general trading. During the year, there were no significant changes in the Group's principal activities.

The principal activities and particulars of the Company's principal subsidiaries as at 31 March 2010 are set out in Note 21 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to the operating results for the year ended 31 March 2010 is set out in Note 8 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2010 are set out in the consolidated income statement on page 30 of this annual report.

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2010.

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$32,000 on acquisition of property, plant and equipment.

Details of the movements in the property, plant and equipment of the Group during the year are set out in Note 18 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During the year under review, the Group made all of its purchases from a single supplier for its general trading business. There were no suppliers for the Group's businesses in securities investment, provision of securities brokerage services and treasury investment due to their business nature.

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

None of the directors, their associates, or any shareholder (which to the knowledge of the directors own more than 5% of the Company's share capital) had beneficial interests in the Group's largest and single supplier.

Directors' Report

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in Note 26 to the financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in Note 27 to the financial statements.

The Company had no reserves available for distribution as at 31 March 2010.

DIRECTORS

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

Executive directors:

Mr. Yip Chi Chiu *(Deputy Chairman and Chief Executive Officer)*	
Mr. Chung Hing Ka *(Deputy Chairman and Chief Technical Officer)*	(appointed on 25 May 2010)
Mr. Miao Zhenguo *(Chief Operating Officer)*	(appointed on 25 May 2010)
Mr. Lo Wing Yat	
Mr. So George Siu Ming *(Chief Financial Officer)*	(resigned as executive director on 1 July 2010)

Non-executive directors:

Mr. Leung Chung Tak Barry	(re-designated from an executive director to a non-executive director on 1 June 2009 and resigned on 1 July 2010)
Mr. Chak Chi Man	(term of appointment expired on 25 October 2009)
Mr. Wong Kwok Kuen	(resigned on 1 July 2010)

Independent non-executive directors:

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

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Fei Tai Hung and Mr. Tse Kam Fow will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

In accordance with Bye-law 102(B) of the Company's Bye-laws, Mr. Chung Hing Ka and Mr. Miao Zhenguo will hold office until the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

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

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

Directors' Report

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

As at 31 March 2010, 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:

Long positions in shares and underlying shares of the Company:

Name of director	Capacity	Number of ordinary shares of the Company	Number of underlying shares (unlisted and physically settled equity derivatives) of the Company *(Note 2)*	Approximate percentage of issued ordinary share capital of the Company
Yip Chi Chiu	Beneficial owner	—	34,400,000	1.55%
	Interest of controlled corporation	73,142,471 *(Note 1)*	—	3.30%
Lo Wing Yat	Beneficial owner	—	30,800,000	1.39%
So George Siu Ming *(Note 3)*	Beneficial owner	—	30,800,000	1.39%
Leung Chung Tak Barry *(Note 3)*	Beneficial owner	—	21,800,000	0.98%
Wong Kwok Kuen *(Note 3)*	Beneficial owner	—	5,400,000	0.24%
Chan Yuk Tong	Beneficial owner	—	3,600,000	0.16%
Fei Tai Hung	Beneficial owner	—	3,600,000	0.16%
Tse Kam Fow	Beneficial owner	—	3,600,000	0.16%

Notes:

1. The 73,142,471 shares of the Company were held by Bright Success Holdings Limited. Bright Success Holdings Limited was owned as to 50% by each of Mr. Yip Chi Chiu and his spouse, Ms. Lui Wai Kuen Brenda. Mr. Yip Chi Chiu was therefore deemed to be interested in the interest of Bright Success Holdings Limited in the 73,142,471 shares of the Company by virtue of the SFO.

2. The interests in underlying shares of the Company represented interests in options granted to the directors named above to subscribe for shares of the Company, further details of which are set out in note 29 to the financial statements.

3. Mr. So George Siu Ming, Mr. Leung Chung Tak Barry and Mr. Wong Kwok Kuen resigned as directors of the Company on 1 July 2010.

Save as disclosed above, as at 31 March 2010, none of the directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

SHARE OPTION SCHEME

Details of the share option scheme adopted by the Company on 30 March 2004 (as amended by an addendum effective on 7 December 2005) (the "Share Option Scheme") and movements of the options during the year are set out in Note 29 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the year ended 31 March 2010.

EMOLUMENTS OF DIRECTORS AND SENIOR EMPLOYEES

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

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

As at 31 March 2010, 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:

Long positions in shares and underlying shares:

Name of substantial shareholders	Capacity	Number of ordinary shares of the Company	Number of underlying shares (unlisted and physically settled equity derivatives) of the Company	Total number of ordinary shares and underlying shares of the Company	Approximate percentage of issued ordinary share capital of the Company
Best Effort International Limited ("Best Effort") *(Note 1)*	Beneficial owner	322,341,020	—	322,341,020	14.51%
Asset Managers (Asia) Company Limited ("AMAC") *(Note 1)*	Interest of controlled corporation	335,238,748	—	335,238,748	15.09%
Asset Managers Holdings Co., Ltd. ("AMH") *(Note 1)*	Interest of controlled corporation	335,238,748	—	335,238,748	15.09%
Ichigo Asset Management International, Pte. Ltd. ("Ichigo") *(Note 1)*	Interest of controlled corporation	335,238,748	—	335,238,748	15.09%

Directors' Report

Name of substantial shareholders	Capacity	Number of ordinary shares of the Company	Number of underlying shares (unlisted and physically settled equity derivatives) of the Company	Total number of ordinary shares and underlying shares of the Company	Approximate percentage of issued ordinary share capital of the Company
CITIC International Assets Management Limited ("CIAM") *(Note 2)*	Beneficial owner	166,400,000	—	166,400,000	7.49%
CITIC International Financial Holdings Limited ("CIFH") *(Note 2)*	Interest of controlled corporation	166,400,000	—	166,400,000	7. 49%
China CITIC Bank Corporation Limited ("CCBC") *(Note 2)*	Interest of controlled corporation	166,400,000	—	166,400,000	7. 49%
CITIC Group *(Note 2)*	Interest of controlled corporation	166,400,000	—	166,400,000	7. 49%
Mei Li New Energy Limited ("Mei Li New Energy") *(Note 3)*	Beneficial owner	321,241,975	5,178,758,030	5,500,000,005	247.51%
Chung Hing Ka *(Note 3)*	Interest of controlled corporation	321,241,975	5,178,758,030	5,500,000,005	247.51%
Union Ever Holdings Limited ("Union Ever") *(Note 4)*	Beneficial owner	213,900,143	3,573,599,855	3,787,499,998	170.44%
Miao Zhenguo *(Note 4)*	Interest of controlled corporation	213,900,143	3,573,599,855	3,787,499,998	170.44%
Silver Ride Group Limited ("Silver Ride") *(Note 5)*	Beneficial owner	70,516,531	1,054,483,470	1,125,000,001	50.63%
Chen Jian *(Note 5)*	Interest of controlled corporation	70,516,531	1,054,483,470	1,125,000,001	50.63%
Glorious China Investments Limited ("Glorious China") *(Note 6)*	Beneficial owner	71,300,048	1,066,199,950	1,137,499,998	51.19%
Xu Yueyue *(Note 6)*	Interest of controlled corporation	71,300,048	1,066,199,950	1,137,499,998	51.19%
Long Hing International Limited ("Long Hing") *(Note 7)*	Beneficial owner	71,300,048	1,066,199,950	1,137,499,998	51.19%
Song Hong *(Note 7)*	Interest of controlled corporation	71,300,048	1,066,199,950	1,137,499,998	51.19%

Directors' Report

Name of substantial shareholders	Capacity	Number of ordinary shares of the Company	Number of underlying shares (unlisted and physically settled equity derivatives) of the Company	Total number of ordinary shares and underlying shares of the Company	Approximate percentage of issued ordinary share capital of the Company
Idea Lab Capital Co., Ltd ("Idea Lab") *(Note 8)*	Beneficial owner	35,258,265	527,241,735	562,500,000	25.31%
Tang Xiaozhang *(Note 8)*	Interest of controlled corporation	35,258,265	527,241,735	562,500,000	25.31%
Jade Time Investments Limited ("Jade Time") *(Note 9)*	Beneficial owner	400,000,000	—	400,000,000	18.00%
Mayspin Management Limited ("Mayspin") *(Note 9)*	Interest of controlled corporation	400,000,000	—	400,000,000	18.00%
Li Ka-shing *(Note 9)*	Interest of controlled corporation	400,000,000	—	400,000,000	18.00%

Notes:

1. The above three references to 335,238,748 shares of the Company refer to the same equity interest comprising of (i) 322,341,020 shares held by Best Effort; and (ii) 12,897,728 shares held by Asset Managers (China) Fund Co., Ltd. ("AMCF"). Best Effort was a wholly owned subsidiary of AMAC. Asset Managers (China) Fund Co., Ltd. was owned as to 50% by AMAC. AMAC was owned as to 70% by AMH and as to 30% indirectly by Mr. Yip Chi Chiu, a director of the Company. AMH was owned as to approximately 59.66% by Ichigo.

2. The above four references to 166,400,000 shares of the Company refer to the same block of shares held by CIAM. CIAM was owned as to 40% by CIFH and as to 25% by AMH. CIFH was owned as to approximately 70.32% by CCBC, which in turn was owned as to approximately 67.26% by CITIC Group.

3. The above two references to 5,500,000,005 shares or underlying shares of the Company refer to the same equity interest comprising (i) 321,241,975 consideration shares to be issued to Mei Li New Energy at the issue price of HK$0.20 per consideration share at the completion (the "Completion") of the acquisition of the entire issued share capital of Union Grace Holdings Limited in accordance with the terms and conditions of the agreement dated 18 January 2010 entered into among Qiyang Limited (a wholly-owned subsidiary of the Company), Mei Li New Energy, Union Ever, Silver Ride, Glorious China, Long Hing, Idea Lab, the Company, Chung Hing Ka and Miao Zhenguo; and (ii) 5,178,758,030 conversion shares (subject to adjustments) to be allotted and issued to Mei Li New Energy upon exercise in full of the conversion rights attached to the convertible bonds in the principal amount of HK$1,035,751,606 initially repayable on the eighth anniversary of the date of issue of the convertible bonds (the "Maturity Date") with the initial conversion price of HK$0.20 per conversion share (subject to adjustments). Mei Li New Energy was wholly-owned by Chung Hing Ka.

4. The above two references to 3,787,499,998 shares or underlying shares of the Company refer to the same equity interest comprising (i) 213,900,143 consideration shares to be issued to Union Ever at the issue price of HK$0.20 per consideration share at the Completion; and (ii) 3,573,599,855 conversion shares (subject to adjustments) to be allotted and issued to Union Ever upon exercise in full of the conversion rights attached to the convertible bonds in the principal amount of HK$714,719,971 initially repayable on the Maturity Date with the initial conversion price of HK$0.20 per conversion share (subject to adjustments). Union Ever was wholly-owned by Miao Zhenguo.

5. The above two references to 1,125,000,001 shares or underlying shares of the Company refer to the same equity interest comprising (i) 70,516,531 consideration shares to be issued to Silver Ride at the issue price of HK$0.20 per consideration share at the Completion; and (ii) 1,054,483,470 conversion shares (subject to adjustments) to be allotted and issued to Silver Ride upon exercise in full of the conversion rights attached to the convertible bonds in the principal amount of HK$210,896,694 initially repayable on the Maturity Date with the initial conversion price of HK$0.20 per conversion share (subject to adjustments). Silver Ride was wholly-owned by Chen Jian.

Directors' Report

6. The above two references to 1,137,499,998 shares or underlying shares of the Company refer to the same equity interest comprising (i) 71,300,048 consideration shares to be issued to Glorious China at the issue price of HK$0.20 per consideration share at the Completion; and (ii) 1,066,199,950 conversion shares (subject to adjustments) to be allotted and issued to Glorious China upon exercise in full of the conversion rights attached to the convertible bonds in the principal amount of HK$213,239,990 initially repayable on the Maturity Date with the initial conversion price of HK$0.20 per conversion share (subject to adjustments). Glorious China was wholly-owned by Xu Yueyue.

7. The above two references to 1,137,499,998 shares or underlying shares of the Company refer to the same equity interest comprising (i) 71,300,048 consideration shares to be issued to Long Hing at the issue price of HK$0.20 per consideration share at the Completion; and (ii) 1,066,199,950 conversion shares (subject to adjustments) to be allotted and issued to Long Hing upon exercise in full of the conversion rights attached to the convertible bonds in the principal amount of HK$213,239,990 initially repayable on the Maturity Date with the initial conversion price of HK$0.20 per conversion share (subject to adjustments). Long Hing was wholly-owned by Song Hong.

8. The above two references to 562,500,000 shares or underlying shares of the Company refer to the same equity interest comprising (i) 35,258,265 consideration shares to be issued to Idea Lab at the issue price of HK$0.20 per consideration share at the Completion; and (ii) 527,241,735 conversion shares (subject to adjustments) to be allotted and issued to Idea Lab upon exercise in full of the conversion rights attached to the convertible bonds in the principal amount of HK$105,448,347 initially repayable on the Maturity Date with the initial conversion price of HK$0.20 per conversion share (subject to adjustments). Idea Lab was owned as to 90% by Tang Xiaozhang.

9. The above three references to 400,000,000 shares of the Company refer to the same block of shares deemed to be held by Jade Time under the SFO. According to the agreement dated 18 January 2010 entered into between the Company and Jade Time in respect of the subscription (the "Subscription") by Jade Time of 400,000,000 new shares of the Company, 400,000,000 subscription shares will be issued to Jade Time at HK$0.73 per subscription share upon completion of the Subscription. Jade Time is a wholly owned subsidiary of Mayspin, which in turn is wholly-owned by Mr. Li Ka-shing.

Save as disclosed above, as at 31 March 2010, 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 2010, none of the directors of the Company or their respective associates was interested in any business apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10(2) of the Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS

Apart from the agreements disclosed in the section heading "Connected Transactions and Continuing Connected Transactions", there were no contracts of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

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

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

MANAGEMENT CONTRACTS

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

Directors' Report

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Acquisition Agreement

On 18 January 2010, Qiyang Limited (the "Purchaser"), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Acquisition Agreement") with Mei Li New Energy Limited ("Mei Li New Energy"), which is beneficially owned by Mr. Chung Hing Ka ("Mr. Chung"), as the first vendor, Union Ever Holdings Limited ("Union Ever"), which is beneficially owned by Mr. Miao Zhenguo ("Mr. Miao"), as the second vendor, Silver Ride Group Limited as the third vendor, Glorious China Investments Limited as the fourth vendor, Long Hing International Limited as the fifth vendor, Idea Lab Capital Co., Ltd as the sixth vendor (collectively the "Vendors"), the Company as the guarantor of the Purchaser, Mr. Chung as the guarantor of Mei Li New Energy and Mr. Miao as the guarantor of Union Ever to acquire the entire interest in Union Grace Holdings Limited ("Union Grace") together with its wholly-owned subsidiary, Thunder Sky Energy Technology Limited ("Thunder Sky (HK)", together with Union Grace, collectively, the "Target Group") at a consideration (the "Consideration") of HK$2,750 million (the "Acquisition").

The Acquisition and the transactions contemplated under the Acquisition Agreement constitute a very substantial acquisition for the Company pursuant to Rule 14.06(5) of the Listing Rules and a connected transaction of the Company pursuant to Rule 14A.13(1)(b)(i) of the Listing Rules by reason of the proposed appointment of Mr. Chung and Mr. Miao as executive directors of the Company after completion of the Acquisition (the "Completion"). The Acquisition and the transactions contemplated under the Acquisition Agreement are therefore subject to the approval by the independent shareholders of the Company.

Pursuant to the Acquisition Agreement, the Consideration should be satisfied by the Purchaser upon the Completion as to (i) HK$100,000,000 in cash; (ii) HK$156,703,402 by the issue of consideration shares at the issue price of HK$0.20 each; and HK$2,493,296,598 by the issue of non-interest bearing convertible bonds initially repayable on the eighth anniversary of the date of issue of the convertible bonds with the initial conversion price of HK$0.20 per conversion share (subject to adjustments).

Patent License Deed

Pursuant to a deed dated 18 January 2010 and a deed dated 12 February 2010 (collectively, the "Patent License Deed"), Thunder Sky Battery Technology Limited ("Thunder Sky Battery") and Mr. Chung (collectively the "Patent Licensors") agreed to grant to Thunder Sky (HK) the exclusive right to use all of the patents owned by or licensed to the Patent Licensors (the "Licensed Patents") that relate to the Lithium-based batteries and their related products (the "Electric Battery Products") and any improvement thereto, other than such Electric Battery Products with a unit capacity of less than 200AH. The patent period begins from the date of execution of the Patent License Deed until the date on which the last Licensed Patent expires on 15 May 2025 or when the last of such improvement patent (if any) expires, whichever is the later.

Thunder Sky (HK) is entitled to a royalty-free period starting from the date of execution of the Patent License Deed to the end of two years from the date of Completion. From and after two years following the date of Completion, (i) in respect of the licensed products (the "Licensed Products") manufactured in the People's Republic of China (the "PRC"), Thunder Sky (HK) shall pay the royalty (the "Royalty") amounting to no more than RMB0.5 per AH to the Patent Licensors calculated based on the total ampere hours of all the Licensed Products sold and for which payments from customers have been received; and (ii) in respect of the Licensed Products manufactured in places other than in the PRC, the Royalty will be subject to further negotiation among the Patent Licensors and Thunder Sky (HK).

Directors' Report

The value of the Royalty payable by Thunder Sky (HK) to the Patent Licensors pursuant to the Patent License Deed shall not exceed the annual caps (the "Licensing Annual Caps") set out below:

Period	*RMB' million*	*Equivalent to approximately HK$' million*
Date of Completion to 31 March 2011 (Royalty-free period)	—	—
1 April 2011 to 31 March 2012 (Royalty-free period)	—	—
1 April 2012 to 31 March 2013 (includes Royalty-free period from 1 April 2012 to second anniversary of date of Completion)	431	489.2

The Royalty under the Patent License Deed shall be payable by Thunder Sky (HK) to the Patent Licensors within 97 days after the end of each financial year of Thunder Sky (HK) in which the relevant sales occur.

As Mr. Chung, who is one of the Patent Licensors, will become an executive director of the Company upon Completion, the Royalty payable by Thunder Sky (HK) pursuant to the Patent License Deed constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules (as applicable when the Patent License Deed was entered into) in respect of the Licensing Annual Caps, on an annual basis, exceed 2.5% and the Licensing Annual Caps exceed HK$10,000,000, the Patent License Deed and the Royalty (including the Licensing Annual Caps) are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Master Supply Agreement

On 18 January 2010, Thunder Sky (HK) entered into a supply contract (the "Master Supply Agreement") with 深圳市雷天電動車動力總成有限公司 (Shenzhen Thunder Sky Electric Vehicles Limited*) and 深圳市雷天電源技術有限公司 (Shenzhen Thunder Sky Battery Technology Limited*), both companies incorporated in the PRC and indirectly wholly-owned by Mr. Chung (collectively the "PRC Operating Companies"), pursuant to which the PRC Operating Companies agreed to manufacture and supply to Thunder Sky (HK) the Electric Battery Products in accordance with the requirements of Thunder Sky (HK) (the "Transactions").

Pursuant to the Master Supply Agreement, the PRC Operating Companies agreed, from the date of execution of the Master Supply Agreement up to 31 March 2013, to supply Electric Battery Products of not less than an aggregate of 100 million AH to Thunder Sky (HK) in respect of each financial year ending 31 March. The unit price for each AH will not be higher than US$0.5.

The value of the Transactions shall not exceed the annual caps (the "Supply Annual Caps") set out below:

Period	**Production capacity of the PRC Operating Companies**	**Supply Annual Caps**	
			Equivalent to approximately
	AH	*US$*	*HK$*
Date of Completion to 31 March 2011	100 million	50 million	390 million
1 April 2011 to 31 March 2012	150 million	75 million	585 million
1 April 2012 to 31 March 2013	150 million	75 million	585 million

Directors' Report

The PRC Operating Companies are indirectly and wholly owned by Mr. Chung, who will become an executive director of the Company upon the Completion. Accordingly, the PRC Operating Companies will become associates of a connected person of the Company upon Completion. The Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules (as applicable when the Master Supply Agreement was entered into) in respect of the Supply Annual Caps, on an annual basis, exceed 2.5% and the Supply Annual Caps exceed HK$10,000,000, the Master Supply Agreement and the Transactions (including the Supply Annual Caps) are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The independent non-executive directors have reviewed the above connected transactions and having taken into account the advice of the independent financial adviser, are of the opinion that the terms of the Acquisition Agreement, the Patent License Deed, the Master Supply Agreement and the transactions contemplated under the aforesaid agreements (including the Licensing Annual Caps and the Supply Annual Caps) are fair and reasonable so far as the independent shareholders of the Company are concerned, and the Acquisition, the Transactions and the Royalty are in the interests of the Company and its shareholders as a whole.

The Acquisition Agreement, the transactions contemplated thereunder, the Master Supply Agreement, the Transactions (including the Supply Annual Caps), the Patent License Deed and the Royalty (including the Licensing Annual Caps) were approved at a special general meeting of the Company held on 19 May 2010. As a result of the Completion, Union Grace and Thunder Sky (HK) have become wholly-owned subsidiaries of the Company. As at the date of this report, the Group has paid the full amount of the Consideration. Details of the Acquisition Agreement, the transactions contemplated thereunder, the Master Supply Agreement, the Transactions (including the Supply Annual Caps), the Patent License Deed and the Royalty (including the Licensing Annual Caps) are set out in the Company's circular dated 3 May 2010.

Details of other related party transactions undertaken by the Group in the normal course of business during the year, which do not constitute connected transactions nor continuing connected transactions of the Company required to be disclosed under the Listing Rules, are provided under Note 31 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 2010.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is established 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 duties and responsibilities of individual directors, the Company's performance and the prevailing market conditions.

The Company has adopted the Share Option Scheme as incentive to selected participants, including the directors and eligible employees of the Company. Details of the Share Option Scheme are set out in Note 29 to the financial statements.

RETIREMENT BENEFIT SCHEMES

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

PRE-EMPTIVE RIGHTS

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

Directors' Report

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

The Company did not redeem any of its listed securities during the year ended 31 March 2010.

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 March 2010.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events occurring after the reporting period are set out in Note 32 to the financial statements.

AUDITOR

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

By order of the Board

Yip Chi Chiu
Deputy Chairman and Chief Executive Officer

Hong Kong, 27 July 2010

* *for identification only*

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 March 2010, the Company applied the principles of and complied with all the code provisions of, the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following deviations.

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

Currently, Mr. Yip Chi Chiu is the Deputy Chairman and Chief Executive Officer of the Company. The Board is of the view that vesting the roles of Deputy Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. Mr. Yip is mainly responsible for the day-to-day management of the Group's businesses. To further enhance the balance of power and authority on the Board, Mr. Chung Hing Ka has been appointed as an additional Deputy Chairman of the Company with effect from 25 May 2010.

Code provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting. The Company did not comply with such code provision as it has no Chairman. However, Mr. Yip Chi Chiu, the Deputy Chairman, took chair of the Company's annual general meeting held on 20 August 2009 pursuant to the Company's Bye-laws.

DIRECTORS' SECURITIES TRANSACTIONS

Since 1 April 2009, the Company has adopted a code for securities transactions by directors (the "Securities Code"), which is largely based on the Model Code set out in Appendix 10 to the Listing Rules. The Securities Code is on terms no less exacting than the required standard set out in the Model Code. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code and the Securities Code throughout the year ended 31 March 2010.

BOARD OF DIRECTORS

Composition

The Board currently comprises the following seven directors:

Executive directors:
Mr. Yip Chi Chiu *(Deputy Chairman and Chief Executive Officer)*
Mr. Chung Hing Ka *(Deputy Chairman and Chief Technical Officer)*
Mr. Miao Zhenguo *(Chief Operating Officer)*
Mr. Lo Wing Yat

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 "Biographies of Directors and Senior Management" on pages 7 to 10 of this annual report.

Corporate Governance Report

Role and Function

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

Chairman and Chief Executive Officer

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

The Board is of the view that vesting the roles of Deputy Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. Mr. Yip is mainly responsible for the day-to-day management of the Group's business. To further enhance the balance of power and authority on the Board, Mr. Chung Hing Ka has been appointed as an additional Deputy Chairman of the Company with effect from 25 May 2010.

Independent Non-executive Directors

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

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

Throughout the year ended 31 March 2010, the Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise, respectively.

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

Relationship

Mr. Yip Chi Chiu and Mr. Lo Wing Yat are directors of CITIC International Assets Management Limited ("CIAM") and CIAM Group Limited (Stock Code: 378), the shares of which are listed on the Stock Exchange. CIAM Group Limited is a subsidiary of CIAM. Mr. Chung Hing Ka is the ultimate beneficial shareholder and a director of, and Mr. Miao Zhenguo is a director of, Thunder Sky Holdings Limited. The subsidiaries of Thunder Sky Holdings Limited are principally engaged in the research and development, production and sale of rechargeable Lithium-ion batteries. Save as disclosed above, there is no financial, business, family or other material relationship among the members of the Board.

Corporate Governance Report

Meetings and Attendance

The Board held four regular meetings and two additional meetings during the year ended 31 March 2010. 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	6/6
Mr. Lo Wing Yat	5/6
Mr. So George Siu Ming (resigned on 1 July 2010)	6/6
Mr. Leung Chung Tak Barry (re-designated from an executive director to a non-executive director on 1 June 2009 and resigned on 1 July 2010)	6/6
Non-executive directors:	
Mr. Chak Chi Man (term of appointment expired on 25 October 2009)	3/3
Mr. Wong Kwok Kuen (resigned on 1 July 2010)	6/6
Independent non-executive directors	
Mr. Chan Yuk Tong	6/6
Mr. Fei Tai Hung	6/6
Mr. Tse Kam Fow	6/6

Insurance

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

BOARD COMMITTEES

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

Remuneration Committee

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

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

Corporate Governance Report

The Remuneration Committee held two meetings during the year ended 31 March 2010. The individual attendance records of the committee members are as follows:

Name of committee members	Number of meetings attended / held
Mr. Chan Yuk Tong	2/2
Mr. Fei Tai Hung	0/2
Mr. Tse Kam Fow	2/2
Mr. Yip Chi Chiu	2/2

During the meetings, the Remuneration Committee considered and recommended to the Board (a) the grant of share options to the directors; (b) the directors' fees of the independent non-executive directors; and (c) the aggregate amount of directors' fees for approval by the shareholders of the Company at 2009 annual general meeting.

The primary objective of the director remuneration policy is to attract, retain and motivate the Board members by providing fair reward for their contribution to the Group's performance. The directors' remuneration packages are determined with reference to the duties 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 2010, 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 (Chairman of the Audit Committee), Mr. Fei Tai Hung and Mr. Tse Kam Fow.

The principal duties of the Audit Committee include (i) to oversee the relationship with the auditor of the Company (the "Auditor"); (ii) to review the annual and interim results before publication; and (iii) to oversee the Group's financial reporting system and internal control procedures. The full version of the terms of reference of the Audit Committee is available on the Company's website at www.thunder-sky.com.hk.

The Audit Committee held three meetings during the year ended 31 March 2010. The individual attendance records of the committee members are as follows:

Name of committee members	Number of meetings attended / held
Mr. Chan Yuk Tong	3/3
Mr. Fei Tai Hung	1/3
Mr. Tse Kam Fow	3/3

During the year ended 31 March 2010, 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 2009, three months ended 30 June 2009 and six months ended 30 September 2009 and recommended the same to the Board for approval; (iii) recommended to the Board the re-appointment of the Auditor; and (iv) reviewed the effectiveness of the Group's internal control system, inter alia, the financial, operational and compliance controls and risk management functions of the Group; and the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee has reviewed with the management and the Auditor the audited results of the Group for the year ended 31 March 2010.

Corporate Governance Report

Executive Committee

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

AUDITOR'S REMUNERATION

For the year ended 31 March 2010, the Auditor received approximately HK$460,000 for audit service and approximately HK$60,000 for non-audit services in relation to interim review.

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 and reviews the composition of the board members from time to time.

During the year ended 31 March 2010, there was no appointment of new directors to the Board. The re-election of directors who were subject to retirement by rotation at the 2009 annual general meeting of the Company has been considered at a regular board meeting held in July 2009 with 100% attendance rate. The individual attendance records of the directors are set out under the section headed "Board of Directors" on page 24 of this report.

FINANCIAL REPORTING

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

The statement of the Auditor about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 28 to 29 of this annual report.

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

Corporate Governance Report

INTERNAL CONTROL

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

Independent Auditor's Report

CCIF

CCIF CPA LIMITED

34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF THUNDER SKY BATTERY LIMITED
(Formerly known as Jia Sheng Holdings Limited)
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Thunder Sky Battery Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 88 which comprise the consolidated and Company statements of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Independent Auditor's Report

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 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 July 2010

Leung Chun Wa
Practising Certificate Number P04963

Consolidated Income Statement

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000 (Restated)
Continuing operations			
Turnover	7	**15,758**	35,734
Revenue			
Proceeds from general trading		**2,716**	565
Net gain / (loss) from trading securities		**164**	(1,951)
Securities brokerage income		**945**	694
Dividend income		**6**	88
Interest income from treasury investment		**179**	604
Other income	9	**2**	72
Merchandising products sold		**(2,587)**	(538)
Staff costs		**(10,238)**	(37,030)
Depreciation		**(979)**	(1,147)
Other operating expenses		**(5,569)**	(14,782)
Gain on dilution of interest in a jointly controlled entity	20(a)	**3,804**	—
Share of results of a jointly controlled entity	20(c)	**(2,536)**	(4,795)
Loss before taxation	10	**(14,093)**	(58,220)
Taxation	12	**—**	14
Loss for the year from continuing operations		**(14,093)**	(58,206)
Discontinued operation			
Loss for the year from discontinued operation	17(a)	**—**	(14,472)
Loss for the year		**(14,093)**	(72,678)
Attributable to:			
Equity holders of the Company	13	**(14,093)**	(72,155)
Minority interests		**—**	(523)
		(14,093)	(72,678)
		HK cents	HK cents
Loss per share attributable to equity holders of the Company	15		
From continuing and discontinued operations			
– Basic and diluted		**(0.74)**	(3.94)
From continuing operations			
– Basic and diluted		**(0.74)**	(3.18)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	2010 **HK$'000**	2009 HK$'000
Loss for the year	**(14,093)**	(72,678)
Other comprehensive (loss) / income for the year		
Share of exchange reserve of a jointly controlled entity	—	130
Release of exchange reserve upon dilution of interest in a jointly controlled entity	**(130)**	—
Release of exchange reserve upon deregistration of a subsidiary	—	(54)
Release of exchange reserve upon disposal of subsidiaries	—	(31)
Other comprehensive (loss) / income for the year, net of tax	**(130)**	45
Total comprehensive loss for the year	**(14,223)**	(72,633)
Attributable to:		
Equity holders of the Company	**(14,223)**	(72,107)
Minority interests	—	(526)
	(14,223)	(72,633)

Consolidated Statement of Financial Position

As at 31 March 2010

	Note	**2010 HK$'000**	2009 HK$'000
Non-current assets			
Property, plant and equipment	18	**1,521**	2,472
Interest in a jointly controlled entity	20	**—**	17,341
Available-for-sale financial asset	22	**18,479**	—
Other operating assets		**205**	205
		20,205	20,018
Current assets			
Trade and other receivables	23	**5,354**	6,597
Cash and bank balances	24	**304,361**	48,650
		309,715	55,247
Current liabilities			
Trade and other payables	25	**2,126**	4,967
Net current assets		**307,589**	50,280
TOTAL ASSETS LESS CURRENT LIABILITIES		**327,794**	70,298
CAPITAL AND RESERVES			
Equity attributable to equity holders of the Company			
Share capital	26	**22,221**	18,304
Reserves	27	**305,573**	51,994
TOTAL EQUITY		**327,794**	70,298

Yip Chi Chiu
Director

Miao Zhenguo
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	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$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2008	18,304	196,161	82	15,506	1,868	6,147	(124,754)	113,314	526	113,840
Total comprehensive loss for the year	—	—	48	—	—	—	(72,155)	(72,107)	(526)	(72,633)
Equity settled share-based payments *(Note 29(9))*	—	—	—	—	—	29,091	—	29,091	—	29,091
Share options lapsed *(Note 29(14))*	—	—	—	—	—	(116)	116	—	—	—
At 31 March 2009 and 1 April 2009	18,304	196,161	130	15,506	1,868	35,122	(196,793)	70,298	—	70,298
Total comprehensive loss for the year	—	—	(130)	—	—	—	(14,093)	(14,223)	—	(14,223)
Issue of new shares *(Note 26(a))*	3,661	263,581	—	—	—	—	—	267,242	—	267,242
Transaction costs attributable to issue of new shares	—	(4,722)	—	—	—	—	—	(4,722)	—	(4,722)
Share options lapsed *(Note 29(14))*	—	—	—	—	—	(20,208)	20,208	—	—	—
Shares issued upon exercise of share options *(Note 26(b))*	256	8,527	—	—	—	(2,889)	—	5,894	—	5,894
Equity settled share-based payments *(Note 29(9))*	—	—	—	—	—	3,305	—	3,305	—	3,305
At 31 March 2010	**22,221**	**463,547**	**—**	**15,506**	**1,868**	**15,330**	**(190,678)**	**327,794**	**—**	**327,794**

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Note	**2010 HK$'000**	2009 HK$'000
Operating activities			
Loss before taxation (including loss from discontinued operation)		**(14,093)**	(72,689)
Adjustments for:			
Interest income		**(181)**	(622)
Dividend income from listed investments		**(6)**	(88)
Share of results of a jointly controlled entity		**2,536**	4,795
Loss on disposal of property, plant and equipment		**4**	153
Depreciation		**979**	2,128
Equity settled share-based payments		**3,305**	29,091
Gain on dilution of interest in a jointly controlled entity		**(3,804)**	—
Impairment loss on other receivables		**5**	—
Impairment on property, plant and equipment		—	2,100
Write-down of inventories		—	10,007
Gain on deregistration of a subsidiary		—	(54)
Operating loss before changes in working capital		**(11,255)**	(25,179)
Decrease in inventories		—	5,189
Decrease in trade and other receivables		**1,249**	4,661
Decrease in other operating assets		—	25
(Decrease) / increase in trade and other payables		**(2,841)**	724
Net cash used in operations		**(12,847)**	(14,580)
Taxation (paid) / refunded			
– Hong Kong		—	(30)
– Overseas		—	25
Interest received		**170**	633
Dividend received from listed investments		**6**	88
Net cash used in operating activities		**(12,671)**	(13,864)
Investing activities			
Payments to acquire property, plant and equipment		**(32)**	(1,546)
Investment in a jointly controlled entity		—	(22,006)
Disposal of subsidiaries, net of cash and cash equivalents disposed of	28	—	6,073
Proceeds from disposal of property, plant and equipment		—	57
Net cash used in investing activities		**(32)**	(17,422)

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Note	**2010 HK$'000**	2009 HK$'000
Financing activities			
Issue of new shares		**262,520**	—
Increase in loans from a minority shareholder of disposed subsidiaries		**—**	860
Proceeds from shares issued upon exercise of share options		**5,894**	—
Net cash generated from financing activities		**268,414**	860
Net increase / (decrease) in cash and cash equivalents		**255,711**	(30,426)
Effect on exchange rate changes		**—**	(2)
Cash and cash equivalents at beginning of the year		**48,650**	79,078
Cash and cash equivalents at end of the year	24	**304,361**	48,650

Statement of Financial Position

As at 31 March 2010

	Note	**2010 HK$'000**	2009 HK$'000
Non-current assets			
Interests in subsidiaries	21	**29,748**	33,286
Current assets			
Trade and other receivables	23	**2,392**	191
Cash and bank balances	24	**295,626**	36,687
		298,018	36,878
Current liabilities			
Trade and other payables	25	**480**	389
Net current assets		**297,538**	36,489
TOTAL ASSETS LESS CURRENT LIABILITIES		**327,286**	69,775
CAPITAL AND RESERVES			
Share capital	26	**22,221**	18,304
Reserves	27	**305,065**	51,471
TOTAL EQUITY		**327,286**	69,775

Yip Chi Chiu
Director

Miao Zhenguo
Director

Notes to the Financial Statements

1. GENERAL INFORMATION

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

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in securities dealing and investment, provision of securities brokerage services, treasury investment, general trading and investment holding. The Group has commenced the business of production, sale and distribution of electric battery products since May 2010 after the Group's acquisition of certain subsidiaries subsequent to the reporting period. The details of the acquisition transaction is stated in Note 32(a).

Pursuant to a special resolution passed at the Company's extraordinary general meeting held on 26 May 2010, the name of the Company was changed from "Jia Sheng Holdings Limited" to "Thunder Sky Battery Limited" and the adoption of the Chinese name "中聚雷天電池有限公司" as the secondary name of the Company in place of the Chinese name "嘉盛控股有限公司" has become effective from 27 May 2010.

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

The Group has where applicable adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time of the current year's financial statements:

HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 18 (Amendment)*	Determining whether an entity is acting as a principal or as an agent
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in Improvements to HKFRSs 2009 (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary, which is effective for annual periods beginning on or after 1 July 2009.

Notes to the Financial Statements

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

The amendments to HKAS 23 and HKFRS 2 have had no material impact on the Group's financial statements as the amendments and interpretations are consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the Group's financial statements.The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented. Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

Save as disclosed above, the adoption of the new and revised HKFRSs have had no material effects on how the results and financial position of the current or prior accounting years have been prepared and presented.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[6]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 1 (Revised)	First-time adoption of HKFRSs[1]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HK(IFRIC) - Int 14 (Amendments)	Prepayments of Minimum Funding Requirements[7]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

Notes to the Financial Statements

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

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[7] Effective for annual periods beginning on or after 1 January 2011
[8] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies and the application of HKFRS 9 may affect the classification and measurement of the Group's financial assets, these new and revised HKFRSs are unlikely to have a significant impact on the Group's 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 include all applicable HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The financial statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. Disposal groups and non-current assets held for sale are carried at the lower of their carrying amounts and fair values less costs to sell.

The consolidated financial statements for the year ended 31 March 2010 comprise the Company, its subsidiaries and its interest in a jointly controlled entity.

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

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

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

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

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Subsidiaries and minority interests

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.

Interest 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 statement of financial position within equity, separately from equity attributable to the equity holders 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 holders 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 statement of financial position, interest in a subsidiary are carried at cost less any impairment losses.

(c) Jointly controlled entity

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

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

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

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

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment and depreciation

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 profit or loss 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 where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives 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%

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Goodwill

Goodwill arising on acquisition of subsidiaries represents the excess of the cost of a business combination over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill on acquisition of subsidiaries is presented separately in the consolidated statement of financial position. 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 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.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Impairment of assets other than goodwill

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

Investments in equity securities, other current and non-current receivables that are carried at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period 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.

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 equity securities which are carried at fair value, 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 profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

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

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.

(ii) Impairment of other assets

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

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Other investments in equity securities

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

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

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

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

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

(h) Trade and other receivables

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

(i) Trade and other payables

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

(j) Revenue recognition

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

(i) sales of goods is recognised when the Group's products are delivered, and when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) interest income is recognised on an accrual basis, using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial assets to the net carrying amounts of the financial assets.

(iii) dividend income is recognised when the right to receive payment has been established.

(iv) gains or losses of trading securities are recognised on a trade date basis when the relevant contract notes are exchanged.

(v) commission income from securities brokerage service is recognised on a trade date basis when the services are rendered.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Discontinued operations

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

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

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

— the post-tax profit or loss of the discontinued operation; and

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

(l) Income tax

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

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

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

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

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

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

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Income tax *(Continued)*

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

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

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

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously;

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either;

    — the same taxable entity; or

    — different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(m) Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period 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.

(n) 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 carried 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.

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) 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.

(p) Borrowing costs

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

(q) Operating leases

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

(r) Cash and cash equivalents

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

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(s) Translations of foreign currency

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

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

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items of statement of financial position are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity.

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

(t) Related parties

Parties are considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or 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 the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close member of the family of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) 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.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Dividends and distributions

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

Notes to the Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account the anticipated changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(b) Impairment of property, plant and equipment

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

(c) Impairment of available-for-sale financial asset and interests in subsidiaries

Available-for-sale financial asset and interests in subsidiaries are carried at cost less impairment. Judgement is required when determining whether an impairment existed. In making this judgement, historical data and factors such as industry, sector performance and financial information regarding the investee and the subsidiaries are taken into account.

(d) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon an evaluation of the recoverability of the trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and other receivables balances and the historical write-off experience, net of recoveries. If the financial conditions of the debtors were to deteriorate, additional impairment allowance might be required.

Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets at the end of the reporting period are as follows:

	Group		Company	
	2010 **HK$'000**	2009 HK$'000	**2010** **HK$'000**	2009 HK$'000
Trade and other receivables	**1,867**	5,514	**28**	22
Cash and bank balances	**304,361**	48,650	**295,626**	36,687
Loans and receivables (including cash and cash equivalents)	**306,228**	54,164	**295,654**	36,709
Available-for-sale financial asset	**18,479**	—	**—**	—
	324,707	54,164	**295,654**	36,709

Financial liabilities at the end of the reporting period are as follows:

	Group		Company	
	2010 **HK$'000**	2009 HK$'000	**2010** **HK$'000**	2009 HK$'000
Trade and other payables	**2,126**	4,967	**480**	389
Financial liabilities at amortised cost	**2,126**	4,967	**480**	389

(b) Financial risk management objectives and policies

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

(i) Credit risk

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

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

The Group has no significant concentration of credit risk. To minimise its credit risk exposure, credit evaluations are performed for the determination and approval of credit limits granted and other monitoring procedures are implemented to ensure that follow-up actions are taken to recover overdue debts. In addition, regular reviews on aging and recoverability are performed to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's trade receivables in relation to securities brokerage business are secured by the listed securities of the customers (Note 23(a)). Save as disclosed above, no other financial assets of the Group are secured by collateral or other credit enhancements.

Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS *(Continued)*

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

(ii) Liquidity risk

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

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

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

Group

		2010	
	Within one year or on demand HK$'000	**Total un-discounted cash flows HK$'000**	**Total carrying amount HK$'000**
Trade and other payables	**2,126**	**2,126**	**2,126**

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

Company

		2010	
	Within one year or on demand HK$'000	**Total un-discounted cash flows HK$'000**	**Total carrying amount HK$'000**
Other payables	**480**	**480**	**480**

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

Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS *(Continued)*

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

(iii) Interest rate risk

Interest rate risk primarily resulted from timing differences in respect of interest-bearing assets. The Group's and the Company'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 and the Company. They earn interest income at market time deposit rates.

Group

	2010 Effective interest rate	**2010** HK$'000	2009 Effective interest rate	2009 HK$'000
Interest-bearing bank balances	**0.01% to 0.40%**	**292,237**	0.01% to 0.62%	48,623

Company

	2010 Effective interest rate	**2010** HK$'000	2009 Effective interest rate	2009 HK$'000
Interest-bearing bank balances	**0.01% to 0.40%**	**288,561**	0.01% to 0.62%	36,687

Sensitivity analysis

At 31 March 2010, it is estimated that a general increase or decrease 100 basis points in interest rates, with all other variable held constant, would decrease or increase the Group's and the Company's loss after tax and accumulated losses for the year by approximately HK$2,922,000 (2009: HK$486,000) and HK$2,886,000 (2009: HK$367,000) respectively. Other components of equity would not be affected by the changes in interest rates for both years.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2009.

Notes to the Financial Statements

5. FINANCIAL INSTRUMENTS *(Continued)*

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

(iv) Currency risk

The Group and the Company is exposed to foreign exchange risk arising from various currency exposures. Currency risk arises from future commercial transactions and, recognised assets and liabilities. 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.

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in currencies other than the functional currency of the entity to which they relate.

Group

	2010		2009	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Cash and bank balances	**933**	—	947	—
US dollars	**931**	—	945	—
Renminbi	**2**	—	2	—
	933	—	947	—

Company

	2010		2009	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Cash and bank balances	**920**	—	917	—
US dollars	**920**	—	917	—

Under the linked exchange rate system, the financial impact on exchange difference between Hong Kong dollars and US dollars will be immaterial. Therefore, no sensitivity analysis has been prepared.

(c) Fair values

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

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 shareholders 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 material changes were made in the objectives, policies or processes during the year ended 31 March 2010 and 2009.

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

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

The Group monitors its capital structure on the basis of net debt to equity ratio, which is net debt divided by capital. Net debt includes the Group's total borrowings less cash and bank balances as shown in consolidated statement of financial position. Total capital is defined as shareholders' equity. The Group did not have any borrowings during the years ended 31 March 2010 and 2009. Accordingly, the net debt to equity ratio as at both dates was zero.

7. TURNOVER

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

	2010 **HK$'000**	2009 HK$'000 (Restated)
Proceeds from sales of trading securities	**11,912**	33,783
Securities brokerage service income	**945**	694
Bank interest income from treasury investment in cash markets	**179**	604
Dividend income from listed investments	**6**	88
Proceeds from general trading	**2,716**	565
Total	**15,758**	35,734

Notes to the Financial Statements

8. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

The chief operating decision maker considers that the Group is organised into business units based on their products and services, and has reportable operating segments as follows:

(a) the securities investment segment includes dealings and trading of securities;

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

(c) the treasury investment segment represents investments in cash markets;

(d) the general trading segment represents trading of general products, which is the new segment that recognised during the year. The proceeds and the costs from general trading that were booked in other income during the year ended 31 March 2009 were reclassified accordingly; and

(e) the manufacturing and trading of automotive components business, which was classified as discontinued operation during the year ended 31 March 2009 (Note 17).

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

(i) Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment;

(ii) Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments;

(iii) Revenue between segments are carried out on arm's length basis. The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the income statement;

(iv) All assets are allocated to reportable segments other than interest in a jointly controlled entity, available-for-sale financial asset and unallocated assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

(v) All liabilities are allocated to reportable segments other than unallocated liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Notes to the Financial Statements

8. SEGMENT REPORTING *(Continued)*

The Group's reportable segments for the years ended 31 March 2010 and 2009 are as follows:

	2010						
	Continuing operations					Discontinued operation	
	Securities investment HK$'000	Securities brokerage HK$'000	Treasury investment HK$'000	General trading HK$'000	Sub-total HK$'000	Manufacturing and trading of automotive components HK$'000	Consolidated HK$'000
Turnover from external customers	11,918	945	179	2,716	15,758	—	15,758
Inter-segment turnover	—	23	—	—	23	—	23
Reportable segment turnover	11,918	968	179	2,716	15,781	—	15,781
Proceeds from general trading	—	—	—	2,716	2,716	—	2,716
Net gain from trading securities	164	—	—	—	164	—	164
Securities brokerage income	—	945	—	—	945	—	945
Dividend income	6	—	—	—	6	—	6
Interest income	—	—	179	—	179	—	179
Revenue from external customers	170	945	179	2,716	4,010	—	4,010
Inter-segment revenue	(23)	23	—	—	—	—	—
Reportable segment revenue	147	968	179	2,716	4,010	—	4,010
Reportable segment profit/(loss) before taxation	(292)	(2,407)	179	(101)	(2,621)	—	(2,621)
Other income	—	2	—	—	2	—	2
Depreciation	—	278	—	—	278	—	278
Reportable segment assets	68	10,467	288,561	8	299,104	—	299,104
Reportable segment liabilities	(2,533)	(8,380)	—	(120)	(11,033)	—	(11,033)
Additions to property, plant and equipment	—	—	—	—	—	—	—

Notes to the Financial Statements

8. SEGMENT REPORTING *(Continued)*

2009 (Restated)

	Continuing operations					Discontinued operation	
	Securities investment HK$'000	Securities brokerage HK$'000	Treasury investment HK$'000	General trading HK$'000	Sub-total HK$'000	Manufacturing and trading of automotive components HK$'000	Consolidated HK$'000
Turnover from external customers	33,871	694	604	565	35,734	10,279	46,013
Inter-segment turnover	—	—	—	—	—	—	—
Reportable segment turnover	33,871	694	604	565	35,734	10,279	46,013
Proceeds from general trading	—	—	—	565	565	—	565
Net loss from trading securities	(1,951)	—	—	—	(1,951)	—	(1,951)
Securities brokerage income	—	694	—	—	694	—	694
Dividend income	88	—	—	—	88	—	88
Interest income	—	—	604	—	604	—	604
Sale of automotive components	—	—	—	—	—	10,279	10,279
Revenue from external customers	(1,863)	694	604	565	—	10,279	10,279
Inter-segment revenue	—	—	—	—	—	—	—
Reportable segment revenue	(1,863)	694	604	565	—	10,279	10,279
Reportable segment profit/(loss) before taxation	(2,395)	(3,501)	604	(12)	(5,304)	(2,362)	(7,666)
Other income	2	13	—	—	15	237	252
Depreciation	—	447	—	—	447	981	1,428
Reportable segment assets	2,627	13,206	35,560	527	51,920	—	51,920
Reportable segment liabilities	(4,819)	(8,703)	—	(539)	(14,061)	—	(14,061)
Additions to property, plant and equipment	—	606	—	—	606	—	606

Notes to the Financial Statements

8. SEGMENT REPORTING *(Continued)*

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

Revenue	**2010 HK$'000**	2009 HK$'000
Total reportable segments' revenue	**4,010**	10,279
Elimination of inter-segment revenue	**—**	—
Consolidated revenue	**4,010**	10,279

Loss	**2010 HK$'000**	2009 HK$'000
Total reportable segments' loss	**(2,621)**	(7,666)
Elimination of inter-segment loss	**—**	—
Reportable segment loss derived from the Group's external customers	**(2,621)**	(7,666)
Other income	**—**	57
Gain on dilution of interest in a jointly controlled entity	**3,804**	—
Share of results of a jointly controlled entity	**(2,536)**	(4,795)
Depreciation	**(701)**	(700)
Equity settled share-based payments	**(3,305)**	(29,091)
Write-down of inventories	**—**	(10,007)
Impairment on property, plant and equipment	**—**	(2,100)
Unallocated corporate expenses	**(8,734)**	(18,387)
Consolidated loss before taxation	**(14,093)**	(72,689)

Assets	**2010 HK$'000**	2009 HK$'000
Total reportable segments' assets	**299,104**	51,920
Elimination of inter-segment assets	**—**	—
	299,104	51,920
Additions to property, plant and equipment	**32**	940
Available-for-sale financial asset	**18,479**	—
Interest in a jointly-controlled entity	**—**	17,341
Unallocated corporate assets	**12,305**	5,064
Consolidated total assets	**329,920**	75,265

Liabilities	**2010 HK$'000**	2009 HK$'000
Total reportable segments' liabilities	**(11,033)**	(14,061)
Elimination of inter-segment liabilities	**9,591**	10,142
	(1,442)	(3,919)
Unallocated corporate liabilities	**(684)**	(1,048)
Consolidated total liabilities	**(2,126)**	(4,967)

Notes to the Financial Statements

8. SEGMENT REPORTING *(Continued)*

Geographical information

(a) Turnover from external customers

	2010 HK$'000	2009 HK$'000 (Restated)
Hong Kong	**13,042**	38,172
PRC	**2,716**	565
Overseas	**—**	7,276
	15,758	46,013

The turnover information is based on the location of the customers.

(b) Revenue from external customers

	2010 HK$'000	2009 HK$'000 (Restated)
Hong Kong	**1,294**	2,438
PRC	**2,716**	565
Overseas	**—**	7,276
	4,010	10,279

The revenue information is based on the location of the customers.

(c) Non-current assets

	2010 HK$'000	2009 HK$'000 (Restated)
Hong Kong	**1,726**	2,677
PRC	**18,479**	17,341
	20,205	20,018

The non-current assets information is based on the location of assets.

Information about a major customer

Revenue from customer contributing 10% or more of the total revenue of the Group are as follows:

	2010 HK$'000	2009 HK$'000
Customer A – revenue from general trading – PRC	**2,716**	—

Notes to the Financial Statements

9. OTHER INCOME

	2010 HK$'000	2009 HK$'000 (Restated)
Gain on deregistration of a subsidiary	—	54
Others	2	18
	2	72

10. LOSS BEFORE TAXATION

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

	Continuing operations		Discontinued operation		Consolidated	
	2010 HK$'000	2009 HK$'000 (Restated)	2010 HK$'000	2009 HK$'000 (Restated)	2010 HK$'000	2009 HK$'000 (Restated)
Interest income on financial assets not at fair value through profit or loss	(181)	(618)	—	(4)	(181)	(622)
Dividend income from listed investments	(6)	(88)	—	—	(6)	(88)
Auditor's remuneration	460	380	—	—	460	380
Cost of inventories sold	2,587	538	—	9,192	2,587	9,730
Depreciation	979	1,147	—	981	979	2,128
Impairment loss on other receivables	5	—	—	—	5	—
Impairment on property, plant and equipment	—	—	—	2,100	—	2,100
Loss on disposal of property, plant and equipment	4	123	—	30	4	153
Operating lease charges in respect of rented premises	1,874	1,983	—	919	1,874	2,902
Staff costs (including directors' emoluments)						
– salaries and allowances	7,244	9,314	—	1,822	7,244	11,136
– equity settled share-based payments	2,846	27,534	—	—	2,846	27,534
– contributions to retirement benefits schemes	148	182	—	145	148	327
Write-down of inventories	—	—	—	10,007	—	10,007

11. RETIREMENT BENEFIT SCHEMES

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

The retirement benefits costs charged to the consolidated income statement represent employer's contributions paid and payable by the Group to the schemes and amounted to HK$148,000 (2009: HK$327,000).

Notes to the Financial Statements

12. TAXATION

	2010	2009
	HK$'000	HK$'000
Continuing operations		
Hong Kong:		
Overprovision in prior years	**—**	(14)
Discontinued operation		
Overseas:		
Charge for the year	**—**	3
Total credit for the year	**—**	(11)

No provision for the Hong Kong Profits Tax has been made as the Group sustained losses for taxation purposes during the years ended 31 March 2010 and 2009. The taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

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

	2010	2009
	HK$'000	HK$'000
Loss before taxation		
Continuing operations	**(14,093)**	(58,220)
Discontinued operation	**—**	(14,469)
	(14,093)	(72,689)
Tax at the statutory tax rate of 16.5%	**(2,325)**	(11,994)
Effect of different tax rates in other jurisdictions	**—**	63
Expenses not deductible for taxation purposes	**1,009**	9,137
Income not subject to taxation	**(659)**	(125)
Tax effect of accelerated tax depreciation not previously recognised	**114**	(29)
Overprovision in prior years	**—**	(14)
Tax losses not recognised	**1,861**	2,951
Tax credit for the year	**—**	(11)

At 31 March 2010, the Group has unprovided deferred tax assets of approximately HK$14,657,000 (2009: HK$12,779,000), primarily representing the tax effect of cumulative tax losses. The deferred tax assets have not been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

13. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company for the year includes a loss of approximately HK$14,208,000 (2009: HK$71,656,000) which has been dealt with in the financial statements of the Company.

14. DIVIDEND

No dividend was paid or declared by the Company during the year (2009: Nil).

Notes to the Financial Statements

15. LOSS PER SHARE

(a) *Basic loss per share*

From continuing and discontinued operations

The basic loss per share is calculated based on (i) the consolidated loss attributable to equity holders of the Company of HK$14,093,000 (2009: HK$72,155,000) and (ii) the weighted average number of 1,896,154,000 ordinary shares (2009: 1,830,421,000 ordinary shares) in issue during the year.

	2010 Weighted average number of ordinary shares ’000	2009 Weighted average number of ordinary shares ’000
Issued ordinary shares at the beginning of the reporting period	**1,830,421**	1,830,421
Effect of issue of new shares in placement *(Note 26(a))*	**62,184**	—
Effect of issue of new shares upon exercise of share options *(Note 26(b))*	**3,549**	—
Weighted average number of ordinary shares at the end of the reporting period	**1,896,154**	1,830,421

From continuing operations

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

	2010 HK$’000	2009 HK$’000
Loss for the year attributable to equity holders of the Company		
Loss for the year	**14,093**	72,155
Less: Loss for the year from discontinued operation *(Note 17(a))*	**—**	(13,949)
Loss for the year from continuing operations	**14,093**	58,206

From discontinued operation

Basic loss per share from discontinued operation for the year ended 31 March 2009 was HK cents 0.76 which was calculated based on the loss for the year attributable to equity holders of the Company from discontinued operation of HK$13,949,000.

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

(b) *Diluted loss per share*

The calculation of diluted loss per share does not assume the exercise of the Company’s share options as the exercise of the share options would result in a reduction in loss per share for the years ended 31 March 2010 and 2009. Therefore, the diluted loss per share is the same as the basic loss per share for both years.

Notes to the Financial Statements

16. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of the directors of the Company (the "Directors") for the year ended 31 March 2010 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	2010 Total HK$'000
Executive Directors					
Mr. Yip Chi Chiu	—	1,300	484	12	1,796
Mr. Lo Wing Yat	150	—	434	—	584
Mr. Leung Chung Tak Barry *(Note (i))*	—	100	41	2	143
Mr. So George Siu Ming	—	1,170	434	12	1,616
Non-executive Directors					
Mr. Leung Chung Tak Barry *(Note (i))*	125	—	204	—	329
Mr. Chak Chi Man *(Note (ii))*	85	—	22	—	107
Mr. Wong Kwok Kuen	150	—	60	—	210
Independent non-executive Directors					
Mr. Chan Yuk Tong	150	—	49	—	199
Mr. Fei Tai Hung	150	—	49	—	199
Mr. Tse Kam Fow	150	—	49	—	199
	960	2,570	1,826	26	5,382

Notes:

(i) Mr. Leung Chung Tak Barry resigned as executive Director and was appointed as non-executive Director on 1 June 2009.

(ii) Mr. Chak Chi Man resigned as non-executive Director on 25 October 2009.

Notes to the Financial Statements

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

(a) Directors' emoluments (Continued)

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

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

Notes to the Financial Statements

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

(a) Directors' emoluments (Continued)

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

	2010 HK$'000	2009 HK$'000
Fees		
Executive Directors	**150**	150
Non-executive Directors	**360**	300
Independent non-executive Directors	**450**	450
	960	900
Other emoluments for Directors		
Basic salaries, allowances and benefits in kind	**2,570**	3,270
Equity settled share-based payments	**1,826**	3,909
Retirement benefits schemes contributions	**26**	36
	4,422	7,215
	5,382	8,115

The above emoluments included the fair value of share options granted to certain Directors under the Company's share option scheme. The details are disclosed in Note 29.

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 the years ended 31 March 2010 and 2009.

During the year ended 31 March 2009, each of Mr. Ryoji Furukawa and Mr. Ryuichi Tanabe agreed to waive his entitlement to the director's fee of HK$81,048 for the period from 1 April 2008 to 15 October 2008. Mr. Takehiko Wakayama agreed to waive his entitlement to the director's fee of HK$104,435 for the period from 1 April 2008 to 11 December 2008. Save as disclosed above, no other Directors waived or agreed to waive any remuneration during the years ended 31 March 2010 and 2009.

Notes to the Financial Statements

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

(b) Five highest paid individuals

The five highest paid individuals of the Group include two (2009: three) Directors, details of whose emoluments are set out in Note 16(a). The emoluments of the remaining three (2009: two) individuals were as follows:

	2010	2009
	HK$'000	HK$'000
Basic salaries, allowances and benefits in kind	**1,794**	—
Equity settled share-based payments	**530**	20,208
Retirement benefits schemes contributions	**36**	—
	2,360	20,208

The emoluments of the three (2009: two) individuals with the highest emoluments fall within the following bands:

	Number of Employees	
Emoluments bands	**2010**	2009
HK$Nil – HK$1,000,000	**3**	—
HK$10,000,001 – HK$10,500,000	**—**	2
	3	2

Notes to the Financial Statements

17. DISCONTINUED OPERATION

On 25 September 2008, the Group entered into a sale and purchase agreement to dispose of its entire 70.16% interest in Unicla International Limited and its subsidiary ("Unicla") together with a shareholder's loan of HK$19,616,369 for a consideration of HK$7,000,000 (Note 31 (a)). Unicla ceased to be a subsidiary of the Company in December 2008. The manufacturing and trading of automotive components business which was solely carried out by Unicla has become discontinued operation for the year ended 31 March 2009.

During the year ended 31 March 2009, the results and cash flows of this segment were presented as discontinued operation.

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

	2010 HK$'000	2009 HK$'000 (Restated)
Turnover	—	10,279
Revenue		
Sales of automotive components	—	10,279
Other income	—	237
Change in inventories of finished goods and work-in-progress	—	(493)
Raw materials and consumables used	—	(8,699)
Staff costs	—	(1,967)
Depreciation	—	(981)
Other operating expenses	—	(738)
Write-down of inventories *(Note (i))*	—	(10,007)
Impairment on property, plant and equipment *(Note (ii))*	—	(2,100)
Loss before taxation	—	(14,469)
Taxation	—	(3)
Loss for the year from discontinued operation	—	(14,472)
Attributable to:		
Equity holders of the Company	—	(13,949)
Minority interests	—	(523)
	—	(14,472)

(b) The cash flow attributable to the discontinued operation was as follows:

	2010 HK$'000	2009 HK$'000
Net cash inflow from operating activities	—	2,995
Net cash inflow from investing activities	—	56
Net cash outflow from financing activities	—	(3,923)
Total cash and cash equivalents outflow	—	(872)

Notes:

(i) With reference to the aging analysis and the current market conditions, the Group had written down the inventories of HK$10,007,000 from discontinued operation of manufacturing and trading of automotive components during the year ended 31 March 2009.

(ii) During the year ended 31 March 2009, the Group recognised an impairment loss of HK$2,100,000 from discontinued operation of manufacturing and trading of automotive components segment, which was made based on the excess of carrying amount over the recoverable amount of each individual items of property, plant and equipment.

Notes to the Financial Statements

18. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2008	1,916	7,342	2,406	1,560	13,224
Additions	1,299	—	247	—	1,546
Disposal of subsidiaries	(1,452)	(7,318)	(446)	—	(9,216)
Disposals	(446)	(22)	(283)	(187)	(938)
Exchange adjustments	—	(2)	—	—	(2)
At 31 March 2009 and 1 April 2009	1,317	—	1,924	1,373	4,614
Additions	—	—	32	—	32
Disposals	—	—	(37)	—	(37)
At 31 March 2010	**1,317**	**—**	**1,919**	**1,373**	**4,609**
Accumulated depreciation and impairment losses					
At 1 April 2008	1,023	3,271	1,198	250	5,742
Charge for the year	414	771	584	359	2,128
Impairments losses	—	2,100	—	—	2,100
Disposal of subsidiaries	(789)	(6,118)	(189)	—	(7,096)
Written back on disposals	(425)	(20)	(160)	(123)	(728)
Exchange adjustments	—	(4)	—	—	(4)
At 31 March 2009 and 1 April 2009	223	—	1,433	486	2,142
Charge for the year	328	—	308	343	979
Written back on disposals	—	—	(33)	—	(33)
At 31 March 2010	**551**	**—**	**1,708**	**829**	**3,088**
Carrying amount					
At 31 March 2010	**766**	**—**	**211**	**544**	**1,521**
At 31 March 2009	1,094	—	491	887	2,472

Notes to the Financial Statements

19. GOODWILL

Group

	HK$'000
Cost	
At 1 April 2008	5,621
Derecognised upon disposal of subsidiaries	(3,973)
At 31 March 2009, 1 April 2009 and 31 March 2010	**1,648**
Impairment	
At 1 April 2008	5,621
Derecognised upon disposal of subsidiaries	(3,973)
At 31 March 2009, 1 April 2009 and 31 March 2010	**1,648**
Carrying amount	
At 31 March 2010	**—**
At 31 March 2009	—

Goodwill, attributable to the expected future profitability of securities brokerage segment, is allocated to the Group's cash-generating units identified according to this segment.

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

	2010 HK$'000	2009 HK$'000
Securities brokerage	**1,648**	1,648
Less: Provision for impairment losses	**(1,648)**	(1,648)
	—	—

Notes to the Financial Statements

20. INTEREST IN A JOINTLY CONTROLLED ENTITY

Group

	2010 HK$'000	2009 HK$'000
Share of net assets in a jointly controlled entity	—	17,341

Notes:

(a) On 2 August 2009, the Group and two joint venture partners entered into an agreement, pursuant to which the registered capital of 密之雲(北京)呼叫產業基地有限公司 (Mizhiyun (Beijing) Communication Company Limited) ("Mizhiyun") has been increased from RMB50,000,000 to RMB100,000,000. The additional RMB50,000,000 was contributed solely by a joint venture partner. The Group's equity interest in Mizhiyun was diluted from 39.0% to 19.5%. Hence, the Group's interest in Mizhiyun has been reclassified to available-for-sale financial asset (Note 22) and a gain on dilution of interest in a jointly controlled entity of approximately HK$3,804,000 has been recognised during the year.

(b) Particulars of the jointly controlled entity as at 31 March 2009 were as set out below:

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

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

	2010 HK$'000	2009 HK$'000
Share of the jointly controlled entity's assets and liabilities as at the end of the reporting period:		
Non-current assets	—	8,912
Current assets	—	97,369
Current liabilities	—	(18,084)
Non-current liabilities	—	(70,856)
Net assets	—	17,341
Share of the jointly controlled entity's results for the year		
Turnover	—	—
Other income	**63**	162
Total expenses	**(2,599)**	(4,957)
Loss after tax	**(2,536)**	(4,795)
Share of the jointly controlled entity's capital commitments at the end of the reporting period	—	30,841

Notes to the Financial Statements

21. INTERESTS IN SUBSIDIARIES

Company

	2010 **HK$'000**	2009 HK$'000
Unlisted shares, at cost	**11**	11
Amounts due from subsidiaries *(Note b)*	**104,266**	101,370
	104,277	101,381
Less: Allowance for impairment losses *(Note a)*	**(74,529)**	(68,095)
	29,748	33,286

Notes:

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

	2010 **HK$'000**	2009 HK$'000
Balance at beginning of the year	**68,095**	85,957
Add: Impairment losses during the year	**6,434**	17,885
Less: Released upon disposals and deregistration	**—**	(35,747)
	74,529	68,095

Impairment losses were recognised during the years ended 31 March 2010 and 2009 after taking into consideration of the financial position and loss making situations of those subsidiaries.

(b) The amounts due from subsidiaries are unsecured and interest-free. In the opinion of the Directors, these balances are considered as quasi-equity investment in subsidiaries.

Notes to the Financial Statements

21. INTERESTS IN SUBSIDIARIES *(Continued)*

(c) Particulars of the subsidiaries as at 31 March 2010 are as follows:

Name	Place of incorporation and operation	Nominal value of issued and fully paid capital/ registered capital	Percentage of equity interest held by the Company *Directly*	*Indirectly*	Principal activities
Basland Enterprises Ltd.	British Virgin Islands	100 ordinary shares of US$1 each	100%	—	Investment holding
Carico (Hong Kong) Limited	Hong Kong	1 ordinary share of HK$1	—	100%	Inactive
Carico Strategic Investment Ltd	British Virgin Islands	1 ordinary share of US$1	100%	—	Investment holding
China Automotive Resources Limited	Hong Kong	1 ordinary share of HK$1	100%	—	Securities investment
Common Well International Limited	Hong Kong	1 ordinary share of HK$1	—	100%	General trading
Fullbelief International Limited	British Virgin Islands	1 ordinary share of US$1	—	100%	Investment holding
Full Investment Limited	Hong Kong	300 ordinary shares of HK$1 each	—	100%	Inactive
Glory Era Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	—	Cost centre
Infast Brokerage Limited	Hong Kong	25,000,000 ordinary shares of HK$1 each	—	100%	Provision of securities brokerage services
Lucky Metro Trading Ltd.	British Virgin Islands	100 ordinary shares of US$1 each	—	100%	Investment holding
Panda Max Limited	Hong Kong	1 ordinary share of HK$1	—	100%	Investment holding
Qiyang Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	—	Investment holding
Thunder Sky Battery Limited (formerly known as Carico Holdings Limited)	Hong Kong	1 ordinary share of HK$1	—	100%	Inactive

Notes to the Financial Statements

22. AVAILABLE-FOR-SALE FINANCIAL ASSET

Group

	2010 **HK$'000**	2009 HK$'000
Unlisted investment, at cost		
– Additions and at the end of the reporting period	**18,479**	—

(a) As further explained in Note 20(a), the Group's interest in a jointly controlled entity, Mizhiyun, was diluted from 39.0% to 19.5% and was reclassified to available-for-sale financial asset during the year.

(b) The unlisted investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so wide that Directors are of the opinion that its fair value cannot be measured reliably. Subsequent to the the reporting period, the Group's 19.5% equity interest in Mizhiyun was disposed of through the disposal of the Group's subsidiary, Panda Max Limited, to a shareholder of Mizhiyun at a gain of approximately HK$10,000,000. Accordingly, the Directors considered that no impairment loss was necessary as at 31 March 2010. The details of the disposal transaction are disclosed in Note 32(c).

23. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2010 **HK$'000**	2009 HK$'000	**2010** **HK$'000**	2009 HK$'000
Trade receivables *(Notes)*	**1,825**	4,306	—	—
Deposits and prepayments	**3,487**	1,083	**2,364**	169
Other receivables	**42**	1,208	**28**	22
	5,354	6,597	**2,392**	191

Notes:

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

	Group	
	2010 **HK$'000**	2009 HK$'000
Within 1 month	**1,229**	4,306
Between 1 and 3 months	**592**	—
Over 3 months	**4**	—
	1,825	4,306

All of trade receivables as at 31 March 2010 and 2009 were attributable to securities brokerage business with settlement terms of two trading days after the trade date, bearing interest at the prevailing Hong Kong Best Lending Rate plus 5% per annum and secured by the listed securities of the customers. The carrying amounts of receivables approximate their fair values.

Notes to the Financial Statements

23. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(b) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**1,160**	4,306
Less than 1 month past due	**69**	—
More than 1 month but less than 3 months past due	**592**	—
More than 3 months past due	**4**	—
Past due but not impaired	**665**	—
	1,825	4,306

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. 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 hold the listed securities of the customers as securities over these balances.

(c) There were no impairment losses for trade receivables during the years ended 31 March 2010 and 2009.

24. CASH AND BANK BALANCES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**112,862**	9,161	**107,130**	1,200
Short-term bank deposits	**191,499**	39,489	**188,496**	35,487
Cash and cash equivalents in the consolidated statement of cash flows	**304,361**	48,650	**295,626**	36,687

One of the subsidiaries maintains trust accounts with an authorised institution in the normal course of its securities brokerage business. As at 31 March 2010, trust account balances not dealt with in these financial statements amounted to HK$2,257,000 (2009: HK$3,453,000).

Notes to the Financial Statements

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables *(Note)*	**1,216**	3,711	**—**	—
Other payables and accruals	**910**	1,256	**480**	389
	2,126	4,967	**480**	389

Note:

An ageing analysis of trade payables is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within 1 month	**1,216**	3,711

All of trade payables as at 31 March 2010 and 2009 were attributable to securities brokerage business with settlement terms of two trading days after the trade date which bear interest at rates approximate to prevailing market savings rates.

26. SHARE CAPITAL

	2010		2009	
	No. of shares		No. of shares	
	'000	**HK$'000**	'000	HK$'000
Authorised:				
At beginning and at end of the reporting period				
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 reporting period				
Ordinary shares of HK$0.01 each	**1,830,421**	**18,304**	1,830,421	18,304
Issue of new shares pursuant to share placement *(Note a)*	**366,084**	**3,661**	—	—
Issue of new shares upon exercise of share options *(Note b)*	**25,620**	**256**	—	—
At end of the reporting period				
Ordinary shares of HK$0.01 each	**2,222,125**	**22,221**	1,830,421	18,304

Notes:

(a) On 29 January 2010, the Company issued 366,084,242 ordinary shares of HK$0.01 each at the price of HK$0.73 per share pursuant to the placing agreement dated 17 January 2010. All the new ordinary shares issued during the year ranked pari passu in all respects with the then existing ordinary shares of the Company.

(b) During the year, options to subscribe for 25,620,000 ordinary shares were exercised (Note 29). The consideration received was HK$5,894,000 of which HK$256,000 was credited to share capital account and the balance of HK$5,638,000 was credited to the share premium account. The amount of HK$2,889,000 was transferred from share option reserve account to share premium account upon exercise of share options. All the new ordinary shares issued during the year ranked pari passu in all respects with the then existing ordinary shares of the Company.

Notes to the Financial Statements

27. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

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 2008	196,161	15,506	1,868	6,147	(125,646)	94,036
Equity settled share-based payments	—	—	—	29,091	—	29,091
Share options lapsed	—	—	—	(116)	116	—
Total comprehensive loss	—	—	—	—	(71,656)	(71,656)
At 31 March 2009 and 1 April 2009	196,161	15,506	1,868	35,122	(197,186)	51,471
Issue of new shares	263,581	—	—	—	—	263,581
Transaction costs attributable to issue of new shares	(4,722)	—	—	—	—	(4,722)
Share options lapsed	—	—	—	(20,208)	20,208	—
Shares issued upon exercise of share options	8,527	—	—	(2,889)	—	5,638
Equity settled share-based payments	—	—	—	3,305	—	3,305
Total comprehensive loss	—	—	—	—	(14,208)	(14,208)
At 31 March 2010	**463,547**	**15,506**	**1,868**	**15,330**	**(191,186)**	**305,065**

Notes:

(a) Share premium

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

(b) Exchange reserve

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

(c) Contributed surplus

The contributed surplus 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.

27. RESERVES *(Continued)*

Notes: (Continued)

(d) Capital redemption reserve

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

(e) Share option reserve

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

(f) The Company had no reserves available for distribution as at 31 March 2010 and 2009.

28. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of subsidiaries

	2010 **HK$'000**	2009 HK$'000
Net assets disposed of:		
Property, plant and equipment	—	2,120
Trade and other receivables	—	2,514
Cash and bank balances	—	239
Trade and other payables	—	(2,039)
Inventories	—	4,369
Loans from a minority shareholder	—	(860)
Release of exchange reserve	—	(31)
	—	6,312
Satisfied by:		
Cash consideration	—	7,000
Less: Legal costs	—	(688)
	—	6,312
Net cash inflow arising on disposal:		
Net cash consideration received	—	6,312
Cash and cash equivalents disposed of	—	(239)
Net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries	—	6,073

Notes to the Financial Statements

29. 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 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 the "Eligible Employees");

(b) any non-executive directors (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.

Notes to the Financial Statements

29. SHARE OPTION SCHEME *(Continued)*

Total number of shares available for issue

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

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option 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 all outstanding options (vested but not yet exercised) pursuant to the Scheme was 122,060,000, which represented approximately 3.47% of the issued share capital of the Company on that date.

Maximum entitlement of each participant

An offer for the grant of an option to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by 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.

Notes to the Financial Statements

29. SHARE OPTION SCHEME *(Continued)*

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

Remaining life of the Scheme

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

Details of the options and movements in such holdings during the year ended 31 March 2010 are as follows:

		Number of options								
Category of participants	**Date of grant**	**Outstanding as at 1.4.2009**	**Granted during the year** *(Note 2)*	**Exercised during the year**	**Lapsed during the year** *(Note 14)*	**Re-classified during the year** *(Note 3)*	**Outstanding as at 31.3.2010**	**Exercise period**	**Exercise price per option** *HK$*	**Weighted average closing price of the shares immediately before the dates on which the options were exercised** *HK$*
Directors										
Yip Chi Chiu	23.8.2007	16,400,000	—	—	—	—	16,400,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	18,000,000	—	—	—	18,000,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
Lo Wing Yat	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	16,200,000	—	—	—	16,200,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
So George Siu Ming	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	16,200,000	—	—	—	16,200,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—

Notes to the Financial Statements

29. SHARE OPTION SCHEME *(Continued)*

Category of participants	Date of grant	Number of options: Outstanding as at 1.4.2009	Granted during the year *(Note 2)*	Exercised during the year	Lapsed during the year *(Note 14)*	Re-classified during the year *(Note 3)*	Outstanding as at 31.3.2010	Exercise period	Exercise price per option *HK$*	Weighted average closing price of the shares immediately before the dates on which the options were exercised *HK$*
Leung Chung Tak Barry	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	7,200,000	—	—	—	7,200,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
Wong Kwok Kuen	23.8.2007	3,600,000	—	—	—	—	3,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	1,800,000	—	—	—	1,800,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
Chak Chi Man *(Note 3)*	23.8.2007	3,600,000	—	—	—	(3,600,000)	—	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	1,800,000	—	(1,800,000)	—	—	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
Chan Yuk Tong	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	1,800,000	—	—	—	1,800,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
Fei Tai Hung	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	1,800,000	—	—	—	1,800,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
Tse Kam Fow	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	—
	8.5.2009	—	1,800,000	—	—	—	1,800,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—

Notes to the Financial Statements

29. SHARE OPTION SCHEME *(Continued)*

Category of participants	Date of grant	Number of options: Outstanding as at 1.4.2009	Granted during the year *(Note 2)*	Exercised during the year	Lapsed during the year *(Note 14)*	Re-classified during the year *(Note 3)*	Outstanding as at 31.3.2010	Exercise period	Exercise price per option *HK$*	Weighted average closing price of the shares immediately before the dates on which the options were exercised *HK$*
Employees with options granted in excess of individual limit										
Li Bing Ru	21.5.2008	91,521,060	—	—	(91,521,060)	—	—	18.10.2008 – 17.4.2018 *(Note 5)*	0.129	—
Liu Li Jun	21.5.2008	91,521,060	—	—	(91,521,060)	—	—	18.10.2008 – 17.4.2018 *(Note 5)*	0.129	—
Employees	20.10.2006	100,000	—	(100,000)	—	—	—	20.10.2006 – 19.10.2016 *(Note 6)*	0.242	0.770
	23.8.2007	7,220,000	—	(120,000)	—	—	7,100,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	0.590
	7.5.2008	36,600,000	—	—	—	—	36,600,000	7.11.2008 – 6.5.2018 *(Note 7)*	0.156	—
	7.5.2008	1,000,000	—	—	—	—	1,000,000	7.5.2009 – 6.5.2018 *(Note 4)*	0.156	—
	8.5.2009	—	42,820,000	—	(200,000)	—	42,620,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
Others	23.8.2007	—	—	(3,600,000)	—	3,600,000	—	23.8.2008 – 24.4.2010 *(Note 3)*	0.230	0.770
	23.8.2007	29,000,000	—	(21,800,000)	—	—	7,200,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230	1.095
	8.5.2009	—	12,600,000	—	—	—	12,600,000	8.5.2010 – 7.5.2019 *(Note 4)*	0.061	—
		329,762,120	**122,020,000**	**(25,620,000)**	**(185,042,120)**	**—**	**241,120,000**			
Weighted average exercise price *(HK$)*		0.166	0.061	0.230	0.128	—	0.134			
Exercisable as at 31 March 2010							83,500,000			0.230
							37,350,000			0.156
							—			0.061

Notes to the Financial Statements

29. SHARE OPTION SCHEME *(Continued)*

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

Category of participants	Date of grant	Number of options: Outstanding as at 1.4.2008	Granted during the year	Exercised during the year	Lapsed during the year *(Note 14)*	Cancelled during the year	Outstanding as at 31.3.2009	Exercise period	Exercise price per option *HK$*
Directors									
Yip Chi Chiu	23.8.2007	16,400,000	—	—	—	—	16,400,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
Lo Wing Yat	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
So George Siu Ming	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
Leung Chung Tak Barry	23.8.2007	14,600,000	—	—	—	—	14,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
Wong Kwok Kuen	23.8.2007	3,600,000	—	—	—	—	3,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
Chak Chi Man	23.8.2007	3,600,000	—	—	—	—	3,600,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
Chan Yuk Tong	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
Fei Tai Hung	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
Tse Kam Fow	23.8.2007	1,800,000	—	—	—	—	1,800,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
Ryoji Furukawa	7.5.2008	—	16,400,000 *(Note 11)*	—	(16,400,000)	—	—	7.5.2009 – 6.5.2018 *(Note 4)*	0.156
Employees with options granted in excess of individual limit									
Li Bing Ru	21.5.2008	—	91,521,060 *(Note 12)*	—	—	—	91,521,060	18.10.2008 – 17.4.2018 *(Note 5)*	0.129
Liu Li Jun	21.5.2008	—	91,521,060 *(Note 12)*	—	—	—	91,521,060	18.10.2008 – 17.4.2018 *(Note 5)*	0.129
Employees	20.10.2006	100,000	—	—	—	—	100,000	20.10.2006 – 19.10.2016 *(Note 6)*	0.242
	23.8.2007	8,580,000	—	—	(1,360,000)	—	7,220,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
	15.11.2007	5,400,000	—	—	(5,400,000)	—	—	15.11.2008 – 14.11.2017 *(Note 13)*	0.206
	7.5.2008	—	36,600,000 *(Note 11)*	—	—	—	36,600,000	7.11.2008 – 6.5.2018 *(Note 7)*	0.156
	7.5.2008	—	1,000,000 *(Note 11)*	—	—	—	1,000,000	7.5.2009 – 6.5.2018 *(Note 4)*	0.156
Others	20.10.2006	1,000,000	—	—	(1,000,000)	—	—	20.10.2006 – 4.4.2008 *(Note 6)*	0.242
	23.8.2007	29,000,000	—	—	—	—	29,000,000	23.8.2008 – 22.8.2017 *(Note 4)*	0.230
		116,880,000	**237,042,120**	**—**	**(24,160,000)**	**—**	**329,762,120**		
Weighted average exercise price *(HK$)*		0.229	0.135	—	0.175	—	0.166		
Exercisable as at 31 March 2009							81,765,000 183,042,120 100,000 36,600,000		0.230 0.129 0.242 0.156

Notes to the Financial Statements

29. SHARE OPTION SCHEME *(Continued)*

Notes:

1. Number of options refers to the number of underlying shares of the Company covered by the options under the Scheme.

2. Options to subscribe for 122,020,000 shares of the Company were granted on 8 May 2009. The Company received an aggregate consideration of HK$27 for the grant of these options. The closing price of the shares of the Company on the trading day immediately before the date on which these options were granted was HK$0.059.

3. Mr. Chak Chi Man ceased to be a Director on 25 October 2009. His outstanding options (vested but not yet exercised) entitling him to subscribe for 3,600,000 shares of the Company at an exercise price of HK$0.230 per share remained exercisable until 24 April 2010 as determined by the board of Directors. Such options were therefore re-classified from the category of "Directors" to the category of "Others" during the year.

4. Options granted were subject to a vesting period of two years with 50%, 25% and 25% of the options becoming exercisable 12 months, 18 months and 24 months after the date of grant respectively.

5. Options granted were subject to a vesting period and were exercisable six months after acceptance of the offer of the grant.

6. Options granted were not subject to any vesting period and were exercisable from the date of grant.

7. Options granted were subject to a vesting period and were exercisable six months after the date of grant.

8. The weighted average fair values of the options granted during the years ended 31 March 2010 and 31 March 2009, calculated using the Binomial Option-Pricing Model and the inputs into such model were as follows:

	Options granted on 8 May 2009
Weighted average fair value	HK$0.0306
Share price on grant date	HK$0.0610
Exercise price	HK$0.0610
Expected volatility	56.047%
Option life	10 years
Risk-free interest rate	2.199%
Expected dividend yield	0.000%

	Options granted on 7 May 2008 with vesting period of two years	**Options granted on 7 May 2008 with vesting period of six months**	**Options granted on 21 May 2008 with vesting period of six months**
Weighted average fair value	HK$0.0948	HK$0.0877	HK$0.1104
Share price on grant date	HK$0.1560	HK$0.1560	HK$0.1870
Exercise price	HK$0.1560	HK$0.1560	HK$0.1290
Expected volatility	65.51%	65.51%	65.37%
Option life	10 years	10 years	10 years
Risk-free interest rate	2.802%	2.802%	2.809%
Expected dividend yield	0.000%	0.000%	0.000%

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 value of the options due to limitations of the Binomial Option-Pricing Model.

9. The Group recognised total expenses of approximately HK$3,305,000 for the year ended 31 March 2010 (2009: HK$29,091,000) in relation to the options granted by the Company.

10. The options outstanding as at 31 March 2010 had a weighted average remaining contractual life of 8.4 years (2009: 8.8 years).

Notes to the Financial Statements

29. SHARE OPTION SCHEME *(Continued)*

Notes: (Continued)

11. Options to subscribe for 54,000,000 shares of the Company were granted on 7 May 2008. The Company received an aggregate consideration of HK$4 for the grant of these options. The closing price of the shares of the Company on the trading day immediately before the date on which these options were granted was HK$0.157.

12. Options to subscribe for 183,042,120 shares of the Company were granted on 21 May 2008. The Company received an aggregate consideration of HK$2 for the grant of these options. The closing price of the shares of the Company on the trading day immediately before the date on which these options were granted was HK$0.178.

13. Options granted were subject to a vesting period of three years with one-third of the options becoming exercisable on each of the first, second and third anniversaries of the date of grant.

14. During the year, 185,042,120 options (2009: 24,160,000 options) have lapsed in accordance with the provisions of the Scheme, following the expiry of the term of appointment of a Director and the resignation of certain employees. Accordingly, the share option reserve of approximately HK$20,208,000 (2009: HK$116,000) was transferred to accumulated losses of the Group and the Company during the year.

30. COMMITMENTS

(a) Commitments under operating leases

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

	Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**286**	1,874
In the second to fifth years	**—**	286
	286	2,160

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

The Company had no significant future lease payments at the end of both reporting periods.

(b) Capital commitments on acquisition of subsidiaries

As at 31 March 2010, the Group had commitment on conditional acquisition of subsidiaries and the details of the transaction are stated in Note 32(a).

Notes to the Financial Statements

31. RELATED PARTY TRANSACTIONS

(a) *Transactions with related parties*

On 25 September 2008, Lucky Metro Trading Ltd. ("Lucky Metro"), a wholly owned subsidiary of the Group, entered into a sale and purchase agreement with Costar Universal Limited, which is wholly owned by a daughter of Mr. Yee Pui Jic ("Mr. Yee"), pursuant to which Lucky Metro agreed to dispose of its 70.16% equity interest in Unicla and a shareholder's loan due from Unicla of HK$19,616,369 for a total consideration of HK$7,000,000 (Note 17). Mr. Yee is a director of Unicla. Further details are set out in the Company's circular dated 30 October 2008.

In the opinion of the Directors, the above transaction was carried out in the ordinary and usual course of business and at terms mutually agreed between the Group and related party.

(b) *Key management personnel compensation*

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

32. EVENTS AFTER THE REPORTING PERIOD

(a) On 23 December 2009, Qiyang Limited ("Qiyang"), a direct wholly-owned subsidiary of the Company, entered into a letter of intent with Mr. Chung Hing Ka ("Mr. Chung") and Mr. Miao Zhenguo ("Mr. Miao") who acted on behalf of themselves and other vendors, in relation to the Acquisition (as defined below). On 18 January 2010 and 30 April 2010, the Company as the guarantor of Qiyang, Qiyang, six independent third parties including Mei Li New Energy Limited ("Mei Li New Energy"), which is beneficially owned by Mr. Chung, as the first vendor, Union Ever Holdings Limited ("Union Ever"), which is beneficially owned by Mr. Miao, as the second vendor, and other four parties (collectively the "Vendors"), Mr. Chung as the guarantor of Mei Li New Energy and Mr. Miao as the guarantor of Union Ever entered into two agreements, pursuant to which the Vendors conditionally agreed to sell and Qiyang conditionally agreed to purchase the entire issued share capital of Union Grace Holdings Limited, a company incorporated in the British Virgin Islands and wholly-owned by the Vendors, together with its subsidiary (collectively the "Target Group") for a consideration of HK$2,750 million (the "Consideration") (the "Acquisition"), and Mr. Chung, Mr. Miao, Mei Li New Energy and Union Ever have jointly and severally guaranteed to Qiyang that the audited profit after tax and exceptional items and before amortisation accruing to the Target Group shall not be less than HK$150 million for the first year from the date of completion of the Acquisition. The Consideration was satisfied by cash of HK$100 million, approximately 783 million new ordinary shares of the Company of HK$0.01 each at an issue price of HK$0.20 per share (the "Consideration Shares") and convertible bonds at a principal amount of approximately HK$2,493 million (the "Convertible Bonds"). The Convertible Bonds are non-interest bearing, with a maturity date on the eighth anniversary of the date of issue of the Convertible Bonds and entitle the holders to convert the Convertible Bonds into ordinary shares of the Company at a conversion price of HK$0.20 per share (subject to adjustments).The Target Group is granted an exclusive right to use the patents (the "Licensed Patents") by Mr. Chung and his beneficially owned company, Thunder Sky Battery Technology Limited, for the production, marketing, distribution and sale of certain specially-designed Lithium-based battery products and all improvements thereto. The Licensed Patents include fifteen patents which will expire in the period between September 2010 and May 2025. The Acquisition was completed on 25 May 2010. On the same date, the Company issued the Consideration Shares and the Convertible Bonds to the Vendors. Further details are set out in the Company's circular and announcement dated 3 May 2010 and 25 May 2010 respectively.

Notes to the Financial Statements

32. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

The Group will recognise the Acquisition as a business combination in accordance with HKFRS 3 (Revised) "Business Combination". However, in the opinion of the Directors, no information has been disclosed in the Group's financial statements during the year as required in HKFRS 3 because the initial accounting information for the business combination is incomplete as at the date of this report. The Directors consider that the valuations of the fair values of the Target Group and its major asset of the Licensed Patents cannot be performed for the following reasons:

(i) The Lithium-based battery products involve a new technology. There is no sufficient and comparable public information available to enable the professional valuers to perform the valuation using the market approach by valuing the Target Group or the Licensed Patents with reference to comparable companies or rights.

(ii) The Lithium-based battery products have just come off ground from the development stage of its product life cycle. There are no sufficient past financial record figures to build the bases and assumptions with any high accuracy, which are needed to develop with due care a projection on the cashflows of the future production and sale of the Lithium-based battery products.

(iii) The scale of operations of the Target Group is expected to be significantly larger than its present situation. The historical financials are not likely to be reflective of the future performance of the Target Group and therefore should not be relied upon as the basis to project the future cashflow of the Target Group for the purpose of the valuation. As any forecast of an operating business would involve references to a large number of operating variables, such as market size, sales growth, profit margin, overhead costs, production capacity and efficiency of rollout plan, any inaccurate projection of any or all of these variables would inevitably result in substantial differences in the results of the projections.

Given the above, the Directors consider that any bases and assumptions adopted to project the future performance and cash flow of the Target Group and its Licensed Patents for the purpose of a valuation using the discount cash flow method is bound to be highly subjective and inaccurate, and any valuation derived from these projections would be misleading.

(b) On 18 January 2010, the Company and an independent party Jade Time Investments Limited (the "Subscriber") entered into an agreement, pursuant to which the Subscriber conditionally agreed to subscribe and/or procure the subscription by any of its affiliates for 400 million ordinary shares of the Company of HK$0.01 at the price of HK$0.73 per subscription share. The subscription transaction is inter-conditional to the Group's Acquisition as mentioned in (a) above. The subscription transaction was completed on 31 May 2010. The Company issued and allotted 400 million ordinary shares to the Subscriber and its affiliate for the proceeds of HK$292 million. Further details are set out in the Company's circular and announcement dated 3 May 2010 and 31 May 2010 respectively.

(c) On 10 June 2010, Carico Strategic Investment Ltd ("Carico Strategic"), a direct wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with an independent third party (the "Purchaser"), pursuant to which the Purchaser agreed to purchase and Carico Strategic agreed to dispose of the entire equity interest in Panda Max Limited ("Panda Max"), which is wholly-owned by Carico Strategic and holds 19.5% equity interest in Mizhiyun, and a shareholder's loan due to the Group by Panda Max of approximately HK$22 million for a total consideration of HK$30 million, which shall be payable by two installments of HK$10 million and HK$20 million within 30 days and 90 days, respectively, from the date of the Agreement. On the same date, Carico Strategic and the Purchaser entered into share transfer document for execution of the transfer of shares of Panda Max, and both parties entered into a share mortgage agreement, pursuant to which the Purchaser has pledged its shares of Panda Max as collateral of payment of the consideration at the maturity date. The disposal transaction was completed on 10 June 2010 and a gain on disposal of approximately HK$10 million was recognised. On 16 July 2010, Carico Strategic received an amount of HK$10 million from the Purchaser.

Notes to the Financial Statements

32. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(d) Pursuant to the resolutions passed at the Company's board meeting held on 30 June 2010 and the provisions of the Company's share option scheme, the exercise period of 60.1 million options with exercise prices ranging from HK$0.061 to HK$0.23 per share expiring between 2017 and 2019 has been changed so that such options will lapse on 1 November 2010; and 21.6 million options with an exercise price of HK$0.061 per share have lapsed following the resignation of two Directors, and the mutual termination of the employment of certain employees and the consultancy of certain consultants of the Group subsequent to the reporting period.

(e) On 13 July 2010, the Convertible Bonds with an aggregate principal amount of HK$10 million were converted into 50 million ordinary shares of the Company of HK$0.01 each at an issue price of HK$0.20.

(f) Subsequent to the reporting period up to the date of this report, approximately 59 million options to subscribe for approximately 59 million ordinary shares of the Company of HK$0.01 each at the exercise prices ranging from HK$0.061 to HK$0.23 per share were exercised with an aggregate consideration of approximately HK9 million accruing to the Company.

33. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2010.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 27 July 2010.