盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED

Stock Code: 851

annual report 2010

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Lin Min *(Chairman)*
Mr. Yip Kar Hang, Raymond

Independent Non-Executive Directors

Mr. Chan Ho Sun, Sunny
Mr. Cheung Kwok Keung
Mr. Lau On Kwok

AUDIT COMMITTEE

Mr. Cheung Kwok Keung *(Chairman)*
Mr. Chan Ho Sun, Sunny
Mr. Lau On Kwok

REMUNERATION COMMITTEE

Mr. Cheung Kwok Keung *(Chairman)*
Mr. Chan Ho Sun, Sunny
Mr. Lau On Kwok

COMPANY SECRETARY

Mr. Or Wing Keung

STOCK CODE

851

WEBSITE

www.shengyuanholdings.com

PRINCIPAL REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

SHARE REGISTRAR

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Unit 803, AXA Centre
151 Gloucestor Road
Wanchai
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

SOLICITORS

Kirkpatrick & Lockhart Preston Gates
Ellis Solicitors
44th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

The Hong Kong & Shanghai Banking Corporation Limited
Hang Seng Bank

Chairman's Statement

I hereby announce the annual results of Sheng Yuan Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 30 April 2010 (the "Year").

Since the change in controlling shareholder and the completion of a mandatory unconditional general offer in April and June 2009 respectively, the new board of directors (the "Board") and management team have begun reviewing the Group's business and strategies. The change of name to Sheng Yuan Holdings Limited with effect from 10 June 2009 provided the Company with a new corporate identity and the new Board and management have dedicated themselves to continue upholding good corporate governance and developing the Group to its best .

Eyeing on the opportunities presented by the relentless growth in China, we are currently establishing a wholly-owned foreign enterprise in Shanghai, China, paving way for expanding the Group's trading business into higher growth sectors. With the Group's strong business network in China, we are confident that our endeavor will yield good contributions for the Group.

In recent years, it is undisputed that China has emerged as a powerhouse of economic activities. With the growing economy come new and exciting possibilities, and the Group shall seek to capitalize on them via expanding its trading business into areas of high demand, as well as extending the Group's business scope to other business areas of fine prospects.

I would also like to take this opportunity to thank all our Board, management and staff members for their support and contribution to the Group during the Year.

Lin Min
Chairman
16 July 2010

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

For the Year, revenue of the Group was approximately HK$7,782,000, representing a decrease of 67% from that of the year ended 30 April 2009 (the "Preceding Year") (approximately HK$23,546,000). The decrease corresponded to a decrease in revenue from the Group's trading of electrical products and copper concentrate under the challenging economic environment. Net loss of HK$19,359,000 was recorded for the Year, as compared with net profit of approximately HK$31,226,000 for the Preceding Year. The profit of the Preceding Year was mainly due to the significant contribution of profit of approximately HK$39,674,000 from the disposal and operation of discontinued operations recognized, which is not applicable to this Year's results. During the Year, the Group recorded a loss from continuing operations of approximately HK$19,359,000, as compared with approximately a loss of HK$8,448,000 for the Preceding Year. The increase in loss from continuing operations was recorded after accounting for an increase in administrative expenses mainly attributable to (i) share-based payments in the amount of HK$8,744,000 incurred for the issuance of options to newly recruited staff and directors of the Company (the "Directors"); and (ii) legal and advisory expenses incurred for the Group's change of controlling shareholder, associated fundraising exercise and exploration of new business projects during the Year. If the above factors were excluded, the net loss from operations of the Group of the Year would be approximately HK$8,772,000, which is in line with the net loss from operations of the Preceding Year.

Front Riches Investments Limited ("Front Riches") became the Company's controlling shareholder on 13 April 2009 and completed a mandatory unconditional general offer on 3 June 2009. On 8 June 2009, shareholders approved in a special general meeting the subscription agreement and a supplemental subscription agreement dated 13 April 2009 and 22 April 2009 respectively in relation to the issuance of convertible notes in the aggregate principle amount of HK$44,417,600. Convertible notes of HK$5,152,000 and HK$39,265,600 were issued on 17 November 2009 and 29 April 2010 respectively, providing the Group with financial resources for future business development. In August 2009 and March 2010, Front Riches has converted on each respective date convertible notes issued in July 2007 of HK$18,000,000 in face value into an aggregate of 300,000,000 ordinary shares of the Company ("Shares").

Subsequent to the change of controlling shareholder, the Group has undergone a number of changes in order to provide the Group with new directions, highest standards of corporate governance and a new corporate identity. These include (i) the formation of a new board of directors; (ii) a change in auditors of the Group to Deloitte Touche Tohmatsu; and (iii) a change of the Company's name to Sheng Yuan Holdings Limited.

PROSPECTS

Since joining the Group, the new Board and management have reviewed the business and strategies of the Group. In view of new opportunities that exist in other areas of trade and the increasingly narrow niche available for the Group's existing trading of electrical products and copper concentrate, the Group is actively seeking to expand its trading activities into other more attractive areas. The Group is currently establishing a new wholly-foreign owned enterprise in Shanghai, the People's Republic of China, paving way for expanding the Group's trading business into higher growth sectors. Leveraging on the Group's business network in China, it is envisaged that this new venture will bring opportunities for new revenue streams and prospects to the Group. Furthermore, the Group shall continue seeking for other new business projects to diversify its scope of business, thereby further broadening its income streams and enhancing its growth.

ACQUISITIONS AND DISPOSALS

There was no material acquisition or disposal during the Year.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2010, cash and bank balances maintained by the Group were approximately HK$43,813,000 (30 April 2009: HK$2,956,000). The Group current ratio (current assets over current liabilities) as at 30 April 2010 was 798% (30 April 2009: 123%). The Group has no borrowings as at 30 April 2010. The gearing of the Group, measured as total debts to total assets was 122% as at 30 April 2010, as compared with 334% as at 30 April 2009. With the conversion of convertible notes for the Year, the net deficit of the Group as at 30 April 2010 improved to approximately HK$9,834,000 from HK$41,311,000 as at 30 April 2009.

The Group financed its operation with internally generated cash flow and fund from issuance of convertible notes.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in Hong Kong dollars and United States dollars. As Hong Kong dollars is pegged to United State dollars, the Group's exposure to exchange rate fluctuations is minimal. Therefore, the Group has not engaged in any hedging contracts during the Year.

CAPITAL STRUCTURE

During the Year, the holder of the convertible notes of the Company has converted convertible notes of HK$36,000,000 in face value into 300,000,000 Shares.

CONTINGENT LIABILITIES

As at 30 April 2010, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 April 2010, the Group did not pledge any of its assets.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 April 2010, the Group employed approximately 11 employees, all situated in Hong Kong. The remuneration policy and package of the Group's employees are maintained at market level and reviewed annually by the management. In addition to the basic salary, discretionary bonuses, mandatory pension fund and medical insurance scheme, share options may also be granted to eligible employees at the discretion of the Board and are subject to the performance of the individual employees as well as the Group.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. Lin Min, aged 34, was appointed as an executive director of the Company in May 2009 and was further appointed as the chairman of the Board in June 2009. Ms. Lin is responsible for the Group's strategic planning including business objectives and directions. At present, Ms. Lin is the general manager of an investment consultancy firm in Shanghai. Ms. Lin was the general manager of an advertising company in Shanghai. Ms. Lin graduated from the research programme on enterprise management of East China Normal University (華東師範大學) and the enterprises management programme of Shanghai Jingan District College (上海靜安區業餘大學).

Mr. Yip Kar Hang, Raymond, aged 42, was appointed as an executive director in May 2009 and was further appointed as the chief executive officer of the Company in June 2009. Mr. Yip is responsible for the overall financial and business operations and management of the Group. Mr. Yip has extensive experience in financial management, corporate mergers and acquisitions and company secretarial matters with various listed companies in Hong Kong. Mr. Yip is an executive director and chief executive officer of Kai Yuan Holdings Limited, a company incorporated in Bermuda which shares are listed on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Mr. Yip founded and is a director of Radia Capital Strategy Limited. Mr. Yip was an executive director, chief financial officer and company secretary of Imagi International Holdings Limited, a company the issued shares of which are listed on the main board of the Stock Exchange. Mr. Yip is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He received his master of science degree in finance from University of Leicester and bachelor of science degree in business administration from California State Polytechnic University, Pomona.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ho Sun, Sunny, aged 40, was appointed as an independent non-executive director of the Company in July 2009. Mr. Chan has been working in the securities and investment banking industries for over fifteen years, and has broad experience in the areas of research, marketing, and corporate advisory. He was an executive director of the overseas investment banking subsidiary of a leading Chinese bank for five years and has played a key role in various company transactions for both Hong Kong listed and private companies. Mr. Chan holds a master degree in business administration from Edinburgh Business School, the United Kingdom and a bachelor of arts degree in economics from The University of British Columbia, Canada. Mr. Chan is a member of the Hong Kong Securities Institute, the Institute of Management Accountant, and the Hong Kong Stockbrokers Association.

Mr. Cheung Kwok Keung, aged 43, was appointed as an independent non-executive director of the Company in May 2009. Mr. Cheung started his career in the field of auditing, accounting and financial management 20 years ago. Mr. Cheung is the chief financial officer and company secretary of Lee & Man Paper Manufacturing Limited, a company the issued shares of which are listed on the main board of the Stock Exchange. Mr. Cheung is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung holds a professional diploma in accountancy from the Hong Kong Polytechnic University.

Mr. Lau On Kwok, aged 44, was appointed as an independent non-executive director of the Company in May 2009. Mr. Lau is a director of China Assets Investment Management Limited and qualified accountant and company secretary of China Assets (Holdings) Limited, a company the issued shares of which are listed on the main board of the Stock Exchange. He is a director of Shandong Lukang Pharmaceutical Company Limited, a company the shares of which are listed on the Shanghai Stock Exchange. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lau obtained a master of science degree in financial management from University of London and a bachelor of arts (honours) degree in accounting and financial analysis from University of Newcastle upon Tyne.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the code on corporate governance practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the financial year ended 30 April 2010 except the following:

Code Provision A.2.1

There was no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO") of the Company as set out in the Code provision A.2.1. during the period from 1 May 2009 to 3 June 2009. Mr. Ko Chun Shun, Johnson, a former Director, assumed the role of both the Chairman and CEO during the period. This was a temporary arrangement to allow the Board to select a suitable candidate to fill the post of the CEO. Subsequent to the appointment of Ms. Lin Min as the Chairman and Mr. Yip Kar Hang, Raymond as the CEO on 4 June 2009, Code provision A.2.1 has been complied accordingly.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as a code of conduct of the Company for directors' securities transactions. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions throughout the year ended 30 April 2010.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises two executive Directors and three independent non-executive Directors.

The composition of the Board's members during the year and up to the date of this report is as follows:

Executive Directors

Ms. Lin Min *(Chairman)*	(appointed as executive Director on 14 May 2009 and Chairman on 4 June 2009)
Mr. Yip Kar Hang, Raymond *(CEO)*	(appointed as executive Director on 14 May 2009 and CEO on 4 June 2009)
Mr. Ko Chun Shun, Johnson *(Chairman)*	(resigned on 4 June 2009)
Mr. Wong Siu Kang	(resigned on 4 June 2009)

Independent Non-Executive Directors

Mr. Chan Ho Sun, Sunny	(appointed on 3 July 2009)
Mr. Cheung Kwok Keung	(appointed on 14 May 2009)
Mr. Lau On Kwok	(appointed on 14 May 2009)
Mr. Lau Wai Kit	(appointed on 14 May 2009 and resigned on 3 July 2009)
Mr. Liu Tsun Kie	(resigned on 4 June 2009)
Mr. Tang Ho Sum	(resigned on 4 June 2009)
Mr. Yuen Kin	(resigned on 4 June 2009)

Corporate Governance Report

During the year, seven Board meetings were held and details of Directors' attendance records were as follows:

Name	Meetings attended/ Eligible to attend
Executive Directors	
Ms Lin Min	4/6
Mr. Yip Kar Hang, Raymond	4/6
Mr. Ko Chun Shun, Johnson	3/3
Mr. Wong Siu Kang	3/3
Independent Non-Executive Directors	
Mr. Chan Ho Sun, Sunny	4/4
Mr. Cheung Kwok Keung	4/6
Mr. Lau On Kwok	4/6
Mr. Lau Wai Kit	0/2
Mr. Liu Tsun Kie	3/3
Mr. Tang Ho Sum	3/3
Mr. Yuen Kin	3/3

The Board, led by the Chairman, is responsible for formulation of the Group's strategies and policies, approval of annual budget and business plan, and supervising the management of day-to-day operation of the Group to ensure the business objectives are met. In addition, the Board has also delegated various responsibilities to the remuneration committee (the "Remuneration Committee") and the audit committee (the "Audit Committee"). Further details of these committees are set out in this report.

During the year, the Board has reserved for its decisions all major matters of the Group including:–

1. determination of major business strategy of the Group;
2. mandatory unconditional general offers;
3. equity related transactions such as issue of convertible notes and options and conversion of convertible notes;
4. approval of financial results and recommendation of dividend;
5. annual budgets and financial matters;
6. change of the Company's name;
7. appointment and resignation of Directors;
8. appointment and resignation of external auditors; and
9. matters as required by laws and ordinance.

Corporate Governance Report

The Board members have no financial, business, family or other material/relevant relationships with each other. The Directors' biographical information is set out in the section headed "Biographical Details of Directors" of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has adopted A.2.1 of the Code since the appointment of Ms. Lin Min and Mr. Yip Kar Hang, Raymond as the Chairman and CEO on 4 June 2009 respectively. The division of responsibilities between the Chairman and CEO is clearly established and set out in writing. The Chairman leads the Board in the determination of its strategy and in achievement of its objectives and is responsible organising the business of the Board, ensuring its effectiveness and setting its agenda. The CEO has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election as required by the bye-law of the Company (the "Bye-Law").

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with specific written terms of reference which deals clearly with its authority and duties. The principal duties of the Remuneration Committee include :–

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management;

2. to determine the specific remuneration packages of all executive Directors and senior management and make recommendations to the Board of the remuneration of non-executive Directors;

3. to review and approve performance-based remuneration from time to time;

4. to review and approve the compensation payable to executive Directors and senior management and compensation arrangements relating to dismissal or removal of Directors for misconduct; and

5. to ensure that no Director or any of his associates is involved in deciding his own remuneration.

Currently, the members of the Remuneration Committee are Mr. Cheung Kwok Keung (Chairman), Mr. Chan Ho Sun, Sunny, and Mr. Lau On Kwok. During the year, the Remuneration Committee held one meeting. The attendance of individual members was set out in the following table.

Name	Number of meeting attended
Mr. Cheung Kwok Keung *(Chairman)*	1
Mr. Chan Ho Sun, Sunny	1
Mr. Lau On Kwok	1

During the year, the Remuneration Committee has discussed the remuneration package for Directors and senior management with reference to the prevailing market conditions and the Company's financial performance and the option scheme for all staff to enhance the motivation.

NOMINATION OF DIRECTORS

The Company does not have a nomination committee as the role and function of such a committee are performed by the Board. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

According to the Bye-Laws, any Directors so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company, who shall then be eligible for re-election at such annual general meeting.

AUDITORS' REMUNERATION

During the year, the remunerations paid or payable to the auditors of the Company, Deloitte Touche Tohmatsu, are set out as follows:

Services rendered	Fee payable HK$'000
Audit services	400
Review on interim financial report	110
Taxation service	24

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference which deals clearly with its authority and duties. The principal duties of the Audit Committee include:

1. to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and review and monitor their independence and objectivity as well as the effectiveness of the audit process;

2. to approve the remuneration and terms of engagement of external auditors, maintain appropriate relationship between the Group and the external auditors and develop policy on the engagement of the external auditors to supply non-audit services;

3. to ensure the integrity of the interim and annual consolidated financial statements and any significant financial reporting judgments contained in them; and review the external auditors' work, including management letter and management's response; and

4. to review the Company's internal control and risk management systems.

Currently, the members of the Audit Committee are Mr. Cheung Kwok Keung (Chairman), Mr. Chan Ho Sun, Sunny, and Mr. Lau On Kwok. During the year, the Audit Committee held two meetings and the attendance of individual members was set out in the following table.

Name	Number of meetings attended
Mr. Cheung Kwok Keung *(Chairman)*	2
Mr. Chan Ho Sun, Sunny	2
Mr. Lau On Kwok	2

During the year, the Audit Committee has discharged its responsibilities by considering the following:

1. financial statements for the year ended 30 April 2009 and for the six months ended 31 October 2009;

2. the appointment of the external auditors;

3. the engagement and remuneration of the external auditors of the Company and the nature, scope and process of the external audit; and

4. the Company's internal control and risk management systems.

During the year, the Board had no disagreement with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors.

INTERNAL CONTROLS

A sound and effective internal control system is important for the Group to safeguard investments of the shareholders and assets of the Group. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management functions of the Group.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The statement of the auditors of the Company, Messrs. Deloitte Touche Tohmatsu, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the independent auditor's report on page 19 of this annual report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern as at 30 April 2010. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

Corporate Governance Report

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board is committed to providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In additional to dispatching circulars, notices, financial reports to shareholders, addition information is also available to shareholders from the Group's website.

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The chairman and Directors are available to answer question on the Group's businesses at the meeting. Shareholders have statutory rights to call for special general meetings and put forward agenda items for considerations by shareholders. Pursuant to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the resolutions put to vote at the annual general meeting will be taken by way of poll. The chairman of the annual general meeting will explain the detailed procedure for conducting a poll at the commencement of the annual general meeting.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements for the year ended 30 April 2010.

CHANGE OF COMPANY'S NAME

Pursuant to a special resolution passed by the shareholders at a special general meeting of the Company held on 8 June 2009, the name of the Company was changed from MAE Holdings Limited to Sheng Yuan Holdings Limited with the Chinese name "盛源控股有限公司" adopted as a secondary name.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries are set out in note 28 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 April 2010 are set out in the consolidated statement of comprehensive income on page 20.

The Directors did not recommend the payment of any dividend for the year ended 30 April 2010.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 56. This summary does not form part of the audited financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The two largest customers of the Group accounted for 100% of the Group's total turnover and the largest customer accounted for approximately 77% of the Group's total turnover.

The two largest suppliers of the Group accounted for 100% of the Group's total purchases for the year and the largest suppliers accounted for approximately 77% of the Group's total purchases.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's two largest suppliers or customers.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 20 to the consolidated financial statements.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 22 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Directors' Report

DISTRIBUTABLE RESERVES OF THE COMPANY

At 30 April 2010 and 2009, no reserves are available for distribution to shareholders.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Mr. Lin Min	(appointed on 14 May 2009)
Mr. Yip Kar Hang, Raymond	(appointed on 14 May 2009)
Mr. Ko Chun Shun, Johnson	(resigned on 4 June 2009)
Mr. Wong Siu Kang	(resigned on 4 June 2009)

Independent Non-Executive Directors:

Mr. Chan Ho Sun, Sunny	(appointed on 3 July 2009)
Mr. Cheng Kwok Keung	(appointed on 14 May 2009)
Mr. Lau On Kwok	(appointed on 14 May 2009)
Mr. Lau Wai Kit	(appointed on 14 May 2009 and resigned on 3 July 2009)
Mr. Liu Tsun Kie	(resigned on 4 June 2009)
Mr. Tang Ho Sum	(resigned on 4 June 2009)
Mr. Yuen Kin	(resigned on 4 June 2009)

In accordance with Bye-law 87(1) of the Company's Bye-laws, Ms. Lin Min and Mr. Yip Kar Hang, Raymond retire, and being eligible, offer themselves for re-election.

The Directors being proposed for re-election at the forthcoming annual general meeting do not have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of a compensation (other than statutory compensation).

The non-executive Directors have been appointed for a term subject to retirement by rotation as required by the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND CONVERTIBLE NOTES

As at 30 April 2010, the interests and short positions of the Directors and the chief executive and their associates in the shares, underlying shares and convertible notes of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Long position – ordinary shares of HK$0.1 each of the Company

Name of Director	Capacity	Number of shares held	Percentage of the issued share capital of the Company
Ms. Lin Min	Interest of spouse *(Note)*	525,110,572	62.39%

Note:

These shares are held by Front Riches Investments Limited ("Front Riches") which is wholly owned by Mr. Hu Yishi, the spouse of Ms. Lin Min.

Long position – share options of the Company

Name of Directors	Capacity	Number of options held	Number of underlying shares
Ms. Lin Min	Beneficial owner	2,700,000	2,700,000
Mr. Yip Kar Hang, Raymond	Beneficial owner	6,900,000	6,900,000
Mr. Chan Ho Sun, Sunny	Beneficial owner	600,000	600,000
Mr. Cheung Kwok Keung	Beneficial owner	600,000	600,000
Mr. Lau On Kwok	Beneficial owner	600,000	600,000

Long position – convertible notes of the Company

Name of Director	Capacity	Description of equity derivatives	Number of underlying shares
Ms. Lin Min	Interest of spouse *(note a)*	5 years 5% convertible notes *(note b)*	130,000,000
		2% coupon convertible notes *(note c)*	241,400,000

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND CONVERTIBLE NOTES *(Continued)*

Long position – convertible notes of the Company *(Continued)*

Notes:

(a) The convertible notes are held by Front Riches which is wholly owned by Mr. Hu Yishi, the spouse of Ms. Lin Min.

(b) The 5 years 5% convertible notes with an outstanding principal amount of HK$15,600,000 as at 30 April 2010 issued by the company on 17 July 2007 and due on 17 July 2012 are convertible into shares at a conversion price of HK$0.12 per share.

(c) The Company and Front Riches entered into a subscription agreement and a supplemental agreement to subscribe in cash for the convertible notes in the principal amount of HK$44,417,600 with interest at 2% per annum on 13 April 2009 and 22 April 2009 respectively. On 17 November 2009, the Company issued convertible notes of principal amount HK$5,152,000 due on 17 November 2012. On 29 April 2010, the Company further issued convertible notes of the remaining principal amount of HK$39,265,600 due on 29 April 2013. The 2% coupon convertible notes with total outstanding principal amount of HK$44,417,600 as at 30 April 2010 are convertible into shares at a conversion price of HK$0.184 per share.

Save as disclosed above, as at 30 April 2010, none of the Directors or chief executive had any interests or short positions in any shares, underlying shares and convertible notes of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the convertible notes discussed above and the share option scheme of the Company, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

As at 30 April 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than interest disclosed above in respect of certain Directors and chief executive, the following shareholders had notified the Company of their relevant interests in the shares, underlying shares and convertible notes of the Company.

Long positions – ordinary shares of HK$0.1 each of the Company

Name of shareholder	Capacity	Number of shares held	Percentage of the issued share capital of the Company
Front Riches	Beneficial owner *(Note a)*	525,110,572	62.39%

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Long positions – convertible notes of the Company

Name of Shareholder	Capacity	Description of equity derivatives	Number of underlying shares
Front Riches	Beneficial owner *(Note a)*	5 years 5% convertible notes *(Note b)*	130,000,000
		2% coupon convertible notes *(Note c)*	241,400,000

Notes:

(a) Front Riches is a corporation controlled by Mr. Hu Yishi, whose spouse, Ms. Lin Min, is an executive Director.

(b) The 5 years 5% convertible notes with an outstanding principal amount of HK$15,600,000 as at 30 April 2010 issued by the company on 17 July 2007 and due on 17 July 2012 are convertible into shares at a conversion price of HK$0.12 per share.

(c) The Company and Front Riches entered into a subscription agreement and a supplemental agreement to subscribe in cash for the convertible notes in the principal amount of HK$44,417,600 with interest at 2% per annum on 13 April 2009 and 22 April 2009 respectively. On 17 November 2009, the Company issued convertible notes of principal amount HK$5,152,000 due on 17 November 2012. On 29 April 2010, the Company further issued convertible notes of the remaining principal amount of HK$39,265,600 due on 29 April 2013. The 2% coupon convertible notes with total outstanding principal amount of HK$44,417,600 as at 30 April 2010 are convertible into shares at a conversion price of HK$0.184 per share.

Other than the interests disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no other person as having a notifiable interest or short position in the shares, underlying shares and convertible notes of the Company as at 30 April 2010.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company's corporate governance report is set out in pages 7 to 12 of this report.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme are set out in note 22 to the consolidated financial statements.

Directors' Report

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive Directors are independent.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30 April 2010.

CHARITABLE CONTRIBUTIONS

During the year, the Group did not make any charitable contributions.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audited results for the year ended 30 April 2010 have been reviewed by the Audit Committee and agreed by the external auditors.

The Audit Committee comprises three members namely, Mr. Chan Ho Sun, Sunny, Mr. Cheung Kwok Keung and Mr. Lau On Kwok. All of them are independent non-executive Directors.

REMUNERATION COMMITTEE

The Remuneration Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises three independent non-executive Directors namely, Mr. Chan Ho Sun, Sunny, Mr. Cheung Kwok Keung and Mr. Lau On Kwok.

AUDITOR

On 8 June 2009, Messrs. Deloitte Touche Tohmatsu was appointed as the auditor of the Company to fill the casual vacancy following the resignation of Messrs. CCIF CPA Limited ("CCIF"). The audited consolidated financial statements for the year ended 30 April 2009 were audited by Messrs. Deloitte Touche Tohmatsu and the audited consolidated financial statements for the year ended 2007 and 2008 were audited by CCIF. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Lin Min
Chairman

16 July 2010

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF SHENG YUAN HOLDINGS LIMITED
盛源控股有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sheng Yuan Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 55, which comprise the consolidated statement of financial position as at 30 April 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 April 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

16 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2010

	Notes	2010 HK$'000	2009 HK$'000
Continuing operations			
Revenue	7	**7,782**	23,546
Cost of sales		**(7,600)**	(23,035)
Gross profit		**182**	511
Other income	9	**–**	14
Administrative expenses		**(15,309)**	(4,194)
Finance costs	10	**(4,232)**	(4,779)
Loss before taxation		**(19,359)**	(8,448)
Taxation	11	**–**	–
Loss for the year from continuing operations	12	**(19,359)**	(8,448)
Discontinued operations			
Profit for the year from discontinued operations	13	**–**	39,674
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company		**(19,359)**	31,226
(Loss) earnings per share	15		
From continuing and discontinued operations			
Basic and diluted		**HK$(0.03)**	HK$0.06
From continuing operations			
Basic and diluted		**HK$(0.03)**	HK$(0.02)

Consolidated Statement of Financial Position

At 30 April 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	16	**280**	184
Current assets			
Trade and other receivables and prepayments	17	**296**	14,550
Bank balances and cash	18	**43,813**	2,956
		44,109	17,506
Current liabilities			
Trade and other payables and accruals	19	**5,530**	14,180
Net current assets		**38,579**	3,326
Total asset less current liabilities		**38,859**	3,510
Capital and reserves			
Share capital	20	**84,172**	54,172
Reserves		**(94,006)**	(95,483)
Net deficits		**(9,834)**	(41,311)
Non-current liabilities			
Convertible notes	21	**48,693**	44,821
		38,859	3,510

The consolidated financial statements on pages 20 to 55 were approved and authorised for issue by the Board of Directors on 16 July 2010 and are signed on its behalf by:

Lin Min
Director

Yip Kar Hang, Raymond
Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2010

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Shareholder's contribution HK$'000	Other reserve HK$'000 *(Note a)*	Share option reserve HK$'000	Merger reserve HK$'000 *(Note b)*	Capital redemption reserve HK$'000	Convertible notes reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2008	14,367	5,129	7,834	31,200	–	758	477	43,497	(179,160)	(75,898)
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	–	31,226	31,226
Shares issued upon conversion of convertible notes *(note 21)*	37,305	27,951	–	(31,200)	–	–	–	(33,731)	–	325
Shares issued under placement *(note 20)*	2,500	625	–	–	–	–	–	–	–	3,125
Share issue expenses	–	(89)	–	–	–	–	–	–	–	(89)
Transfer	–	–	–	–	–	(758)	–	–	758	–
At 30 April 2009	54,172	33,616	7,834	–	–	–	477	9,766	(147,176)	(41,311)
Loss and total comprehensive expense for the year	–	–	–	–	–	–	–	–	(19,359)	(19,359)
Shares issued upon conversion of convertible notes *(note 21)*	30,000	8,872	–	–	–	–	–	(6,813)	–	32,059
Recognition of equity component of convertible notes issue *(note 21)*	–	–	–	–	–	–	–	10,033	–	10,033
Equity settled share based payment	–	–	–	–	8,744	–	–	–	–	8,744
At 30 April 2010	84,172	42,488	7,834	–	8,744	–	477	12,986	(166,535)	(9,834)

Notes:

(a) Other reserve represented the incremental consideration resulted from adjustment to conversion price of convertible notes in previous years. Amount had been transferred to share premium upon conversion of the convertible notes during the year ended 30 April 2009.

(b) The merger reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for their acquisition at the time of group reorganisation in 1998.

Consolidated Statement of Cash Flows

For the year ended 30 April 2010

	Note	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		**(19,359)**	31,226
Adjustments for:			
Interest expense		**4,232**	4,779
Interest income		**–**	(14)
Depreciation of property, plant and equipment		**198**	135
Share options expense		**8,744**	–
Loss on disposal of property, plant and equipment		**–**	795
Gain on disposal of subsidiaries		**–**	(41,640)
Operating cash flows before movements in working capital		**(6,185)**	(4,719)
Decrease in trade and other receivables and prepayments		**14,254**	683
Decrease in trade and other payables and accruals		**(11,336)**	(7,666)
Cash used in operations		**(3,267)**	(11,702)
Interest received		**–**	14
Interest paid		**–**	(4,030)
Hong Kong Profits Tax paid		**–**	(43)
NET CASH USED IN OPERATING ACTIVITIES		**(3,267)**	(15,761)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(294)**	(34)
Disposal of subsidiaries	*23*	**–**	(13)
NET CASH USED IN INVESTING ACTIVITIES		**(294)**	(47)
FINANCING ACTIVITIES			
Convertible notes issued		**44,418**	–
Shares issued under placement		**–**	3,125
Share issue expenses		**–**	(89)
NET CASH FROM FINANCING ACTIVITIES		**44,418**	3,036

Consolidated Statement of Cash Flows

For the year ended 30 April 2010

	2010 HK$'000	2009 HK$'000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**40,857**	(12,772)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**2,956**	15,728
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**43,813**	2,956
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**43,813**	2,956

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company was Front Riches Investments Limited (the "Front Riches"), a company incorporated in the British Virgin Islands ("BVI"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Group is located in Unit 803, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in trading of electrical products and copper concentrate. Particulars of the principal subsidiaries of the Company are set out in note 28.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's net liabilities amounted to approximately HK$9,834,000 as at 30 April 2010. The controlling shareholder of the Group has committed to provide adequate funds for the Group to meet its liabilities as they fall due for the foreseeable future. In addition, the directors believe that the convertible notes holder as mentioned in note 21 has the intention to convert the convertible notes into shares of the Company before the respective maturity dates and therefore there will be no cash impact arising from these liabilities. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 8). However, there has been no change in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The revised accounting policy does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	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[3]
HKAS 24 (Revised)	Related party disclosures[7]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[4]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are 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 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2010.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 January 2011.
8 Effective for annual periods beginning on or after 1 January 2013.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 May 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

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

Sales of goods are recognised when goods are delivered and title has passed.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the year in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale for which the commencement date for capitalisation is on or after 1 May 2009, are added to the cost of those assets until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 45 days and observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Convertible notes with conversion option

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes reserve).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Convertible notes with conversion option (Continued)

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised (in which case the balance stated in convertible notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve will be transferred to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Mandatorily convertible notes

Mandatorily convertible notes issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. An instrument that is mandatory convertible into a fixed number of the Company's ordinary shares and the Company does not have contractual obligation to redeem the principal amount is classified as equity of the Group. When the instrument carries an obligation for the Company to make fixed interest payments during the life of the mandatorily convertible notes, the instrument includes a financial liability component. On initial recognition, the fair value of the liability component is determined of the present value of future interest payment discounted at the prevailing market interest rate of similar debt. The difference between the proceeds of the issue of the instrument and the fair value assigned to the liability component is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the instrument is carried at amortised cost using the effective interest method. The equity component, represented by the mandatory conversion option to convert into a fixed number of ordinary shares of the Company, will remain in convertible notes reserve until the instrument is mandatory converted into shares at maturity date or the mandatory conversion option is exercised by the holders, in which case the balance stated in convertible notes reserve is transferred to share capital and share premium.

When the conversion price is reduced (except for an anti-dilutive adjustment), the incremental consideration which represents the value of additional shares to be converted under the reduced conversion price is recognised in the consolidated statement of comprehensive income with a corresponding adjustment to other reserve. The amount of incremental consideration is transferred to share premium at the time convertible notes are converted.

Other financial liabilities

Other financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain on loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

5. 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 equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the convertible notes disclosed in note 21, and the equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issuance of new shares and the addition of new borrowings.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010	2009
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**43,991**	17,409
Financial liabilities		
Amortised cost	**52,647**	57,126

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and convertible notes. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group had foreign currency sales and purchases, denominated in currencies other than the Group's functional currency which exposed itself to foreign currency risk. Approximately 49% and 49% (2009: 13% and 13%) of the Group's sales and purchases were denominated in currencies other than the functional currency of the respective group entities. In addition, certain trade receivables and trade payables were denominated in currencies other than the functional currency of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 30 April 2009, the carrying amounts of the Group's foreign currency denominated monetary assets of HK$1,383,000 at the end of the reporting period were in United States dollars ("USD"). The directors of the Group expected the foreign exchange exposure on USD against Hong Kong dollars to be minimal because Hong Kong dollars are pegged with USD.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to convertible notes. The Group is also exposed to cash flow interest rate risk in relation to variable-rate financial assets of bank balances. The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest cash flows.

The Group currently does not have interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The Company's directors considered the Group's exposure to interest rate risk relating to variable-rate bank balances is insignificant as the interest income is insignificant for the Group.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 April 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The management closely monitors the subsequent settlement of the debts and does not grant long credit period to customers. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For the year ended 30 April 2009, the Group had concentration of credit risk as 52% and 100% of the total trade receivables was due from the Group's largest customer and the three largest customers respectively. For the year ended 30 April 2010, all the trade receivables have been settled at the end of the reporting period.

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

Liquidity risk

The Group had net liabilities of approximately HK$9,834,000 as at 30 April 2010. The controlling shareholder of the Group has committed to provide adequate funds for the Group to meet its liabilities as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

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

	Weighted average interest rate % per annum	Less than 6 months HK$'000	6 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts at 30.4.2010 HK$'000
2010							
Trade and other payables	–	3,954	–	–	–	3,954	3,954
Convertible notes	3.5%	780	888	1,668	65,288	68,624	48,693
		4,734	888	1,668	65,288	72,578	52,647

	Weighted average interest rate % per annum	Less than 6 months HK$'000	6 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts at 30.4.2009 HK$'000
2009							
Trade and other payables	–	12,305	–	–	–	12,305	12,305
Convertible notes	5%	2,580	–	2,580	54,689	59,849	44,821
		14,885	–	2,580	54,689	72,154	57,126

Fair value

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

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

7. REVENUE

	2010 HK$'000	2009 HK$'000
Continuing operations		
Trading of electrical products	**1,815**	15,344
Trading of copper concentrate	**5,967**	8,202
	7,782	23,546

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 May 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of directors, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments that was organised into three operating divisions, namely, trading of electrical products, trading of copper concentrate and manufacturing and trading of adaptors and transformers.

The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. The trading of electrical products and trading of copper concentrate operating divisions reported previously as separate business segments represent a single operating segment under HKFRS 8 since the trading businesses are carried out by one of operating subsidiary in the Group. The financial statements of this subsidiary were reviewed by the board of directors to assess the performance of the trading businesses. Amounts reported for the prior year have been represented to conform to the requirements of HKFRS 8.

On 28 October 2008, the Group completed the disposal of subsidiaries engaged in the manufacturing and trading of adaptors and transformers as set out in note 23. Hence, the manufacturing and trading of adaptors and transformers segment is presented as discontinued operations. Detail of the discontinued operations are set out in note 13.

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is a reconciliation of the Group's revenue and results by operating segment for the year under review to loss before taxation from continuing operations:

	Trading of electrical products and copper concentrate	
	2010	2009
	HK$'000	HK$'000
REVENUE		
External sales	**7,782**	23,546
RESULTS		
Segment results	**(278)**	(773)
Other income	**–**	14
Share options expense	**(8,744)**	–
Corporate expenses	**(6,105)**	(2,910)
Finance costs	**(4,232)**	(4,779)
Loss for the year	**(19,359)**	(8,448)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment results represent the financial results by segment without allocation of other income, share options expense, corporate expenses and finance costs. This is the measure reported to the board of directors for the purposes of resource allocation and performance assessment.

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment from continuing operations:

	Trading of electrical products and copper concentrate	
	2010	2009
	HK$'000	HK$'000
ASSETS		
Segment assets	**46**	14,201
Bank balances and cash	**43,813**	2,956
Other assets	**530**	533
Consolidated total assets	**44,389**	17,690
LIABILITIES		
Segment liabilities	**265**	12,305
Convertible notes	**48,693**	44,821
Other liabilities	**5,265**	1,875
Consolidated total liabilities	**54,223**	59,001

For the purposes of monitoring segment performances and allocating resources between segments:

- Segment assets comprises of trade and certain other receivables. Bank balances and cash, other assets including other receivables and prepayments and property, plant and equipment of head office are not allocated to operating segments.
- Segment liabilities comprises of trade and certain other payables. Convertible notes, other liabilities including other payables and accruals in relation to corporate administration costs are not allocated to operating segments.

8. SEGMENT INFORMATION *(Continued)*

Other segment information

Amount included in the measure of segment results or segment assets from continuing operations:

	Trading of electrical products and copper concentrate HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 30 April 2010			
Additions to property, plant and equipment	–	294	294
Depreciation of property, plant and equipment	138	60	198
For the year ended 30 April 2009			
Additions to property, plant and equipment	34	–	34
Depreciation of property, plant and equipment	135	–	135

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from continuing operations from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets from continuing operations by geographical location of the assets are detailed below.

	Revenue from external customers		Non-current assets	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Hong Kong	**7,782**	11,284	**280**	184
PRC	**–**	12,262	**–**	–
	7,782	23,546	**280**	184

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group from trading of electrical products and copper concentrate are as follows:

	2010 HK$'000	2009 HK$'000
Customer A	**–**	12,262
Customer B	**5,967**	8,201
Customer C	**–**	3,083
Customer D	**1,815**	–

9. OTHER INCOME

Amount of other income for the year ended 30 April 2009 represented the interest income on bank deposits from continuing operations.

10. FINANCE COSTS

Amounts of finance costs represent the effective interest expense on convertible notes from continuing operations.

11. TAXATION

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

No provision for Hong Kong Profits Tax has been made for the year ended 30 April 2010 and 2009 as the Group has no assessable profit for both years. Hong Kong Profits Tax is calculated at 16.5% for both years.

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of comprehensive income as follows:

	2010 **HK$'000**	2009 HK$'000
(Loss) profit before taxation		
Continuing operations	**(19,359)**	(8,448)
Discontinued operations *(note 13)*	**–**	39,674
	(19,359)	31,226
Taxation at the Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	**(3,194)**	5,152
Tax effect of expenses not deductible for tax purpose	**3,168**	832
Tax effect of income not taxable for tax purpose	**–**	(6,592)
Tax effect of tax losses not recognised	**26**	608
Taxation for the year	**–**	–

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$3,043,000 (2009: HK$2,888,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the uncertainty of future profit stream.

12. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2010 HK$'000	2009 HK$'000
Loss for the year from continuing operations has been arrived at after charging:		
Auditor's remuneration	**400**	400
Depreciation of property, plant and equipment	**198**	135
Operating lease payments in respect of rented properties	**551**	–
Staff costs (including directors' remuneration):		
Salaries and allowances and benefits	**1,826**	1,345
Retirement benefit scheme contributions	**18**	28
Share options expense	**8,744**	–
	10,588	1,373

13. DISCONTINUED OPERATIONS

On 28 October 2008, the Group entered into a sale agreement to dispose of certain subsidiaries, Mei Ah Electrical & Industry (HK) Limited, Mei Ah Management Services Limited and Mei Ah Industrial Limited (collectively known as the "Disposal Group"), which carried out all of the Group's operations related to manufacturing and trading of adaptors and transformers. The disposal was effected in order to focus the resources on the Group's electrical products and copper concentrate trading operations. The disposal resulted in a gain on disposal of HK$41,640,000 and was completed on the same date, on which date control of the Disposal Group was passed to the acquirer, Good Ethic Limited, a company incorporated in BVI and an independent third party of the Group.

The (loss) gain for the year ended 30 April 2009 from the discontinued operations was analysed as follows:

	2009 HK'000
Loss of manufacturing and trading of adaptors and transformers operation for the period	**(1,966)**
Gain on disposal of manufacturing and trading of adaptors and transformers operation *(note 23)*	**41,640**
	39,674

13. DISCONTINUED OPERATIONS *(Continued)*

The results for the period from 1 May 2008 to 28 October 2008, which have been included in the consolidated statement of comprehensive income, were as follows:

	Period from 1.5.2008 to 28.10.2008 HK$'000
Administrative expenses	(1,171)
Loss on write off of property, plant and equipment	(795)
Loss before taxation	(1,966)
Taxation	–
Loss for the period	(1,966)

During the year ended 30 April 2009, the Disposal Group used HK$49,000 in the Group's net operating cash flows and had no cash flow in the investing activities and financing activities.

The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are disclosed in note 23.

14. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

For the year ended 30 April 2010

	Notes	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share options expense HK$'000	Total 2010 HK$'000
Executive directors						
Lin Min	*(i)*	**193**	**–**	**–**	**1,830**	**2,023**
Yip Kar Hang, Raymond	*(i)*	**193**	**–**	**–**	**4,677**	**4,870**
Ko Chun Shun, Johnson	*(ii)*	**–**	**–**	**–**	**–**	**–**
Wong Siu Kang	*(ii)*	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors						
Chan Ho Sun, Sunny	*(iii)*	**165**	**–**	**–**	**407**	**572**
Cheung Kwok Keung	*(i)*	**193**	**–**	**–**	**407**	**600**
Lau On Kwok	*(i)*	**193**	**–**	**–**	**407**	**600**
Lau Wai Kit	*(iv)*	**28**	**–**	**–**	**–**	**28**
Tang Ho Sum	*(ii)*	**–**	**–**	**–**	**–**	**–**
Yuen Kin	*(ii)*	**–**	**–**	**–**	**–**	**–**
Liu Tsun Kie	*(ii)*	**–**	**–**	**–**	**–**	**–**
Total emoluments		**965**	**–**	**–**	**7,728**	**8,693**

Notes:

(i) Directors appointed on 14 May 2009

(ii) Directors resigned on 4 June 2009

(iii) Directors appointed on 3 July 2009

(iv) Director appointed on 14 May 2009 and resigned on 3 July 2009

14. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors' emoluments *(Continued)*

For the year ended 30 April 2009

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total 2009 HK$'000
Executive directors				
Ko Chun Shun, Johnson	–	379	–	379
Wong Siu Kang	–	–	–	–
Independent non-executive directors				
Tang Ho Sum	144	–	–	144
Yuen Kin	144	–	–	144
Liu Tsun Kie	144	–	–	144
Total emoluments	432	379	–	811

During both years, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any remuneration during the year.

Employees' emoluments

Of the five highest paid individuals of the Group, three (2009: four) are directors, details of whose emoluments are set out in above. The emoluments of the remaining two highest paid individuals (2009: one) were as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	**503**	280
Retirement benefits scheme contributions	**11**	8
Share options expense	**1,016**	–
	1,530	288

The aggregate emoluments of each of these remaining two (2009: one) highest paid individuals were less than HK$1,000,000.

During the year, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join the Group or as compensation for loss of office.

15. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2010 HK$'000	2009 HK$'000
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(19,359)**	31,226

	Number of shares 2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**660,483,488**	520,757,461

For the year ended 30 April 2009, the computation of weighted average number of ordinary shares included the ordinary shares that would be issued upon the conversion of mandatorily convertible notes as disclosed in note 21(a) to the financial statement. The mandatorily convertible notes are not considered as contingently issuable shares as they are mandatorily convertible solely after the passage of time.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2010 HK$'000	2009 HK$'000
(Loss) profit for the year attributable to owners of the Company	**(19,359)**	31,226
Effect of profit for the year from discontinued operations	**–**	(39,674)
Loss for the purposes of basic and diluted loss per share from continuing operations	**(19,359)**	(8,448)

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

The computation of diluted (loss) earnings per share from continuing and discontinued operations and diluted loss per share from continuing operations do not assume the conversion of the non-mandatorily convertible notes and exercise of share options since the conversion of non-mandatorily convertible notes and exercise of share options would result in a decrease in loss per share from continuing operations.

From discontinued operations

For the year ended 30 April 2009, basic earnings per share from discontinued operations was HK$0.08 per share based on the profit for the year from the discontinued operations of HK$39,674,000 and the denominators detailed above for both basic and diluted (loss) earnings per share from continuing and discontinued operations. The diluted earnings per share from discontinued operations was HK$0.04 per share based on the profit for the year from the discontinued operations of HK$39,674,000 and the denominator of 950,757,461 shares that comprised of 520,757,461 weighted average number of ordinary shares and 430,000,000 number of ordinary shares for the effect of dilutive potential ordinary shares assuming conversion of convertible notes.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Moulds HK$'000	Furniture, fixtures and equipment HK$'000	Plant and machinery HK$'000	Total HK$'000
COST					
At 1 May 2008	379	10,294	10,196	50,156	71,025
Additions	34	–	–	–	34
Disposals	–	(10,294)	(10,196)	(50,156)	(70,646)
At 30 April 2009	413	–	–	–	413
Additions	36	–	258	–	294
At 30 April 2010	449	–	258	–	707
DEPRECIATION AND IMPAIRMENT					
At 1 May 2008	94	10,294	10,164	49,393	69,945
Provided for the year	135	–	–	–	135
Eliminated on disposals	–	(10,294)	(10,164)	(49,393)	(69,851)
At 30 April 2009	229	–	–	–	229
Provided for the year	154	–	44	–	198
At 30 April 2010	383	–	44	–	427
CARRYING VALUES					
At 30 April 2010	66	–	214	–	280
At 30 April 2009	184	–	–	–	184

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the term of relevant lease
Moulds	20%
Furniture, fixtures and equipment	20%
Plant and machinery	20%

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2010 HK$'000	2009 HK$'000
Trade receivables	–	13,644
Other receivables and prepayments	296	906
	296	14,550

The following is an aged analysis of trade receivables net of allowance for doubtful debts at the reporting date:

	2010 HK$'000	2009 HK$'000
0-45 days	–	10,101
46 to 180 days	–	2,160
> 180 days	–	1,383
	–	13,644

For the year ended 30 April 2009, trade receivables of approximately HK$1,383,000 were denominated in United States dollars, the currency other than the functional currency of the respective group entities.

The Group allows an average credit period of 45 days to its customers. As at 30 April 2009, trade receivables of approximately HK$3,543,000, were past due but not provided for as there had not been a significant change in credit quality. The Group did not hold any collateral over the aforesaid trade receivables. The average age of these receivables was 152 days.

In the opinion of the directors, the Group has maintained long term relationship with existing customers who have a strong financial position. The directors consider that such relationship enables the Group to limit its credit risk exposure. Before accepting any new customers, the Group will assess the potential customers' credit quality by reference to the experience of the management and defines credit limit by customer. Such credit limit is reviewed by the management periodically.

Movement in the allowance for bad and doubtful debts

	2010 HK$'000	2009 HK$'000
Balance at beginning of the year	–	7,008
Disposal of subsidiaries	–	(7,008)
Balance at end of the year	–	–

18. BANK BALANCES AND CASH

Bank balances included short-term deposits with an original maturity of three months or less. Bank deposits received interest at prevailing market interest rates ranged from 0.01% to 0.6% (2009: 0.1% to 1.9%) per annum.

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	2010 **HK$'000**	2009 HK$'000
Trade payables	**–**	12,081
Other payables and accruals	**5,530**	2,099
	5,530	14,180

All the trade payables were aged within 0-180 days at 30 April 2009.

20. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each		**Nominal value**	
	2010	2009	**2010** **HK$'000**	2009 HK$'000
Authorised:				
At beginning and end of the year	**2,000,000,000**	2,000,000,000	**200,000**	200,000
Issued and fully paid:				
At beginning of the year	**541,716,365**	143,668,365	**54,172**	14,367
Conversion of convertible notes *(note (i))*	**300,000,000**	373,048,000	**30,000**	37,305
Issue under placement *(note (ii))*	**–**	25,000,000	**–**	2,500
At end of the year	**841,716,365**	541,716,365	**84,172**	54,172

Notes:

(i) During the year, a total of 300,000,000 ordinary shares at par value of HK$0.1 each were issued as a result of conversion of the 5% Notes (as defined in note 21) with aggregate principal amount of HK$36,000,000.

For the year ended 30 April 2009, a total of 373,048,000 ordinary shares at par value of HK$0.1 each were issued as a result of conversion of the 4.5% Notes (as defined in note 21) with an aggregate principal amount of HK$37,304,800.

(ii) On 26 February 2009, the Company had entered into the subscription agreement with Prime Sun Group Limited ("Prime Sun"), the former ultimate holding company, pursuant to which Prime Sun had conditionally agreed to subscribe for 25,000,000 new shares at a price of HK$0.125 per share. The transaction was completed on 3 March 2009.

All the issued share rank pari passu in all respects including all rights as to dividends, voting and return of capital.

21. CONVERTIBLE NOTES

The Company issued three convertible notes and details are set out as below:

(a) 4.5% mandatorily convertible notes expire on 2009 (the "4.5% Notes")

On 3 March 2006, the Company issued 4.5% Notes at a par value of HK$44,838,400 which shall be converted to the Company's shares on or before the maturity date of 2 March 2009. The 4.5% Notes are denominated in Hong Kong dollars. The noteholder have the right to convert their notes into the Company's new ordinary shares at any time during the period from 3 March 2006 to 2 March 2009 at conversion price of HK$0.1 per convertible note (after anti-dilution adjustment made in May 2007). If the 4.5% Notes have not been converted on the maturity date, the outstanding convertible notes will be automatically converted into ordinary shares.

The fair value of the liability component of the 4.5% Notes is determined as the present value of future coupon interest payment discounted at the effective interest rate of 19.32% per annum on initial recognition. The difference between the proceeds of the issue of the instrument and the fair value assigned to the liability component is included in "convertible notes reserve".

The 4.5% Notes were fully converted on 2 March 2009.

(b) 5% convertible notes due on 2012 (the "5% Notes")

On 17 July 2007, the Company issued 5% Notes at a par value of HK$51,600,000 and a maturity date of 16 July 2012. The 5% Notes are denominated in Hong Kong dollars. The noteholders have the right to convert their notes into the Company's new ordinary shares at any time from the date of issue to the seventh day prior to the date of maturity at a conversion price of HK$0.12 per convertible note (subject to anti-dilution adjustment). If the 5% Notes have not been converted on the maturity date, the Company shall repay to the holder of the 5% Notes for the principal amount of the outstanding convertible notes held by the noteholders together with all accrued coupon interest.

The effective interest rate of the liability component of the 5% Notes is 9.9% per annum.

The 5% Notes contain two components, liability and equity elements. The equity element is included in "convertible notes reserve".

(c) 2% convertible notes due on 2012 and 2013 (the "2% Notes")

On 17 November 2009 and 29 April 2010, the Company issued 2% Notes at a par value of HK$5,152,000 and HK$39,265,600 and a maturity date of 17 November 2012 and 29 April 2013 respectively. The 2% Notes are denominated in Hong Kong dollars. The noteholders have the right to convert their notes into the Company's new ordinary shares at any time from the date of issue to the third day prior to the date of maturity at a conversion price of HK$0.184 per convertible note (subject to anti-dilution adjustment). If the 2% Notes have not been converted on the maturity date, the Company shall repay to the holder of the 2% Notes for the principal amount of the outstanding convertible notes held by the noteholders together with all accrued coupon interest.

The effective interest rates of the liability component of the 2% Notes issued on 17 November 2009 and 29 April 2010 are 12.4% and 11.1% per annum respectively.

The 2% Notes contain two components, liability and equity elements. The equity element is included in "convertible notes reserve".

21. CONVERTIBLE NOTES *(Continued)*

The 5% Notes and 2% Notes are held by Front Riches as at 30 April 2010. The 5% Notes were held by Grand Promise Enterprises Limited ("Grand Promise") as at 30 April 2009.

The movement of the liability component of the convertible notes during the year is set out below:

	4.5% Notes HK$'000	5% Notes HK$'000	2% Notes HK$'000	Total HK$'000
At 1 May 2008	1,279	43,118	–	44,397
Converted during the year	(325)	–	–	(325)
Interest expenses	347	4,432	–	4,779
Interest paid	(1,301)	(2,729)	–	(4,030)
At 30 April 2009	–	44,821	–	44,821
Proceeds from issue of 2% Notes	–	–	44,418	44,418
Equity component	–	–	(10,033)	(10,033)
Liability component on initial recognition	–	–	34,385	34,385
Converted during the year	–	(32,059)	–	(32,059)
Interest expenses	–	3,996	236	4,232
Interest payable	–	(2,633)	(53)	(2,686)
At 30 April 2010	–	14,125	34,568	48,693

22. SHARE OPTION SCHEME

Under the share option scheme adopted by the Company on 24 September 2004 (the "Option Scheme"), the board of directors of the Company may grant options to the full-time employees (including executive directors) of the Company or any of its subsidiaries. The purpose of the Option Scheme provides incentives or rewards to the participants (including but not limited to employees, directors, suppliers and customers of the Group) ("Qualified Persons") for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Pursuant to this 10-year term Option Scheme, the Company can grant options to the Qualified Persons for a consideration of HK$1.00 for each grant payable by the Qualified Persons. The total number of the shares issued and to be issued upon exercise of the options granted to each Qualified Person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares then in issue. Pursuant to a resolution passed on the annual general meeting of the Company, dated 23 September 2009, the Company can grant up to 69,171,636 share options to the Qualified Persons.

Subscription price in relation to each option pursuant to the Option Scheme shall be not less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date on which the option is offered to a Qualified Persons; or (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of offer; or (iii) the nominal value of the shares. There shall be no minimum holding period for the vesting or exercise of the options but the options are exercisable within the option period as determined by the Board of directors of the Company.

22. SHARE OPTION SCHEME *(Continued)*

The following table discloses details of the Option Scheme held by employees (including directors) and movements in such holdings during both years.

Grantee	Date of grant	Exercise price HK$	Exercisable period	Number of options: Outstanding at 1 May 2008 and 30 April 2009	Number of options: Granted during the year	Number of options: Outstanding at 30 April 2010
Executive directors:						
Lin Min	25 August 2009	1.81	25 August 2009 to 24 August 2012	–	2,700,000	2,700,000
Yip Kar Hang, Raymond	25 August 2009	1.81	25 August 2009 to 24 August 2012	–	6,900,000	6,900,000
Independent non-executive directors:						
Chan Ho Sun, Sunny	25 August 2009	1.81	25 August 2009 to 24 August 2012	–	600,000	600,000
Cheung Kwok Keung	25 August 2009	1.81	25 August 2009 to 24 August 2012	–	600,000	600,000
Lau On Kwok	25 August 2009	1.81	25 August 2009 to 24 August 2012	–	600,000	600,000
Employee in aggregate	25 August 2009	1.81	25 August 2009 to 24 August 2012	–	1,500,000	1,500,000
				–	12,900,000	12,900,000
Exercisable at the end of the year				–		12,900,000

During the year ended 30 April 2010, options were granted on 25 August 2009. The closing price of the Company's shares immediately before 25 August 2009, the date of grant of the options, was HK$1.66. The estimated fair value of the options granted is HK$8,744,000.

22. SHARE OPTION SCHEME *(Continued)*

The fair value was calculated using the Binominal model. The inputs into the model were as follows:

Grant date share price	HK$1.81
Exercise price	HK$1.81
Expected volatility	65%
Expected life	3 years
Risk-free rate	1.02%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK$8,744,000 for the year ended 30 April 2010 in relation to share options granted by the Company.

23. DISPOSAL OF SUBSIDIARIES

As disclosed in note 13, on 28 October 2008, the Group discontinued its manufacturing and trading of adaptors and transformers operations by the disposal of certain subsidiaries referred to as the Disposal Group. The net liabilities of the Disposal Group at the date of disposal were as follows:

	HK$'000
Trade and other receivables and prepayments	548
Bank balances and cash	14
Trade and other payables and accruals	(15,991)
Other borrowings	(20,966)
Tax payable	(5,244)
	(41,639)
Gain on disposal of subsidiaries	41,640
Total consideration settled by cash	1
Net cash outflow arising on disposal of subsidiaries:	
Cash consideration	1
Bank balances and cash disposed of	(14)
	(13)

The impact of the Disposal Group on the Group's results and cash flows in prior year is disclosed in note 13.

24. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum payments under non-cancellable operating leases in respect of rented properties which fall due as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**539**	519
In the second to fifth year inclusive	**73**	612
	612	1,131

Leases are negotiated for a term of two years and rentals are fixed for the lease term.

25. RETIREMENT BENEFITS SCHEME

Since 1 December 2000, the Group has operated pension schemes under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. The Group has followed the minimum statutory contribution requirements of 5% of eligible employees' relevant income with a cap of HK$1,000 per employee per month. The contributions are charged to the consolidated statement of comprehensive income as incurred.

The total cost charged to the consolidated statement of comprehensive income of HK$18,000 (2009: HK$28,000) represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

26. MAJOR NON-CASH TRANSACTION

During the year, the holder of convertible notes with principal amount of HK$36,000,000 (2009: HK$37,304,800) had converted into 300,000,000 (2009: 373,048,000) Company's shares. Details had disclosed in note 20.

For the year ended 30 April 2010, interest expenses of HK$2,686,000 for convertible notes had not been paid to noteholders and were included in the trade and other payables and accruals as at 30 April 2010.

27. RELATED PARTY TRANSACTIONS

(a) During the year, the Company recognised interest expenses on convertible notes of HK$4,232,000 (2009: nil) which are held by Front Riches, the ultimate holding company of the Group.

(b) During the year ended 30 April 2009, the Company recognised interest expenses on convertible notes of HK$4,432,000 which were held by Grand Promise, the former ultimate holding company of the Group up to 22 August 2009.

27. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other short term employee benefits	**965**	910
Retirement benefit costs	**–**	12
Share options expense	**7,728**	–
	8,693	922

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

28. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Country/ place of incorporation or registration	Principal place of operation	Nominal value of issued/ registered capital	Proportion of nominal value of issued/registered capital directly held by the Group 2010	2009	Principal activities
Silver Pearl International Limited	Hong Kong	Hong Kong	HK$2	**100%**	100%	Trading of copper concentrate and electrical products
Kingwell Management Limited	Hong Kong	Hong Kong	HK$1	**100%**	–	Providing of administrative services to the Group

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

Financial Summary

RESULTS

	Year ended 30 April				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000 (restated)	HK$'000	**HK$'000**
Revenue	33,661	26,396	35,395	23,546	**7,782**
(Loss) profit before taxation	(49,964)	(54,672)	(74,848)	31,226	**(19,359)**
Taxation	–	–	(5,287)	–	**–**
(Loss) profit for the year	(49,964)	(54,672)	(80,135)	31,226	**(19,359)**

ASSETS AND LIABILITIES

	At 30 April				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000 (restated)	HK$'000	**HK$'000**
Total assets	38,294	22,186	32,589	17,690	**44,389**
Total liabilities	(36,325)	(74,647)	(108,487)	(59,001)	**(54,223)**
	1,969	(52,461)	(75,898)	(41,311)	**(9,834)**